THE GROWTH AND DEVELOPMENT OF EXECUTIVES

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Foreword

The supply of executive manpower in business corporations ever needs replenishing. Expansion of operations, retirements, and other circumstances cause vacancies to occur which must be filled. Frequently there is a dearth of well-qualified candidates for filling vacancies both in top management positions and at lower administrative levels. Hence a growing concern over the problems of executive training and development.

In this report Professor Mace presents the results of his first-hand observations on the manner in which numerous industrial companies are undertaking to develop administrative talent. This study is closely related to various other research projects now under way or contemplated at the Harvard Business School. In fact the report on one of those projects — *Developing Men for Controllership* by Professor T. F. Bradshaw — is being published concurrently with this report by Professor Mace.

Through the field research done in these two studies and from other business sources we have found that there is a particularly wide and growing concern among business executives with this management problem. The publication of these reports may therefore prove timely.

The costs of this research study were defrayed by an allocation from the funds contributed by The Associates of the Harvard Business School.

MELVIN T. COPELAND
Director of Research

Soldiers Field
Boston, Massachusetts
March, 1950

Preface

As a member of a faculty engaged in helping men learn the "how" of administration, the author shares the interest in individual growth which is an intrinsic, continuous part of the educational process. This interest was quickened by a consulting assignment concerned with some of the problems of executive development in the electric utility industry. Thus the opportunity to undertake a one-year research project of executive growth and development in manufacturing companies was welcomed, especially since the increasing number of requests for information on this subject reaching the School provided further evidence of its recognized importance by businessmen.

This report is likely to be disappointing to those who seek quick and easy methods for the growth and development of able personnel. No capsulated programs were found which could be put into effect on one day and from which observable results would be produced the next. Individual growth, like education, is a slow process. This does not mean that nothing can or should be done to promote growth, but only emphasizes that time, patience, and the interest and help of all executives constitute essential ingredients.

One of the problems of undertaking a research project of this kind is that the nature of the relationships among organization personnel is intimate, frequently hard to define, and still harder to express in meaningful words. It would have been possible to study the external trappings of development systems or programs, but it became apparent very early that these can be misleading and dangerous tokens of effective development efforts. More important are the beliefs, conclusions, insights, and judgments of responsible administrators who are growing and who are developing others. Frank discussions with this primary source of information on the subject of people necessitated, of course, observing the confidential quality of the information. Accordingly, the case

illustrations used are presented with disguised names, locations, and industries. It is hoped that the essential facts are presented faithfully and without error.

A related problem involves reproducing the actual circumstances of situations without undue length and detail. It will be noted that most examples are relatively brief. The oversimplification of complex and intricate relationships was a conscious effort of the author to present many illustrative "for instances" and to stimulate readers to consider the examples within the framework of their own experiences.

To the extent that the conclusions of this study prove useful to business managements, there exists indebtedness to the many executives who contributed the results of their experiences. Acknowledgment by name is precluded, but the debt is real.

I am grateful to Professor Melvin T. Copeland. It has been my privilege to be associated with Professor Copeland both in teaching and in research, and his relationship exemplifies the concept of coaching described in Chapter VI. I am grateful, too, to many other colleagues for their suggestions, wise counsel, and critical comments. Among these are Professors Kenneth R. Andrews, Russell Hassler, Fritz Roethlisberger, and Dr. Lewis B. Ward.

Miss Jean Armistead proved indefatigable in typing, and Miss Margaret C. Williams' sharp editorial eye and judgment vastly improved the manuscript.

Sincere appreciation is expressed, too, for the tireless interest and constructive help of Mr. Arthur H. Tully, Jr., and Miss Ruth Norton, assistant director and secretary of the Division of Research, respectively.

The responsibility for the conduct of the study and for the report rests inevitably, however, on the author.

Myles L. Mace

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CHAPTER I

Introduction

THIS study was initiated at the request of active business leaders who expressed concern over the lack of opportunity for growth of men in their organizations and the responsibilities which management has for correcting the situation. Members of the top managements of several companies stated that they had heard or read about various approaches for the development of men, and wondered whether these ideas had any value and could be applied to their organizations. This project is an effort to contribute to the partial solution of the questions raised.

The study considers the steps taken to encourage the growth and development of executives in manufacturing companies. It is an examination of the policies, formal programs, informal approaches, and practices of manufacturing companies known or reported to be doing effectively "something" about the development of men for responsible management positions. The investigation has been for the most part limited to manufacturing companies in order to obtain a reasonably broad sampling of companies in a corporate area that would be manageable within the period of one year devoted to the study.

From the very beginning no *statistical* survey of executive development in manufacturing companies was intended. No efforts have been made to compile a summary of companies, by size or otherwise, in which conscious attention has or has not been given to the problems of developing people. We have not been interested in "what is the situation among manufacturing companies generally?" Rather, our main concern has been to determine by selective inquiry what seem to be the main elements of a constructive approach for the growth of men in a manufacturing company.

Our tentative initial belief, prior to extensive field work, that the key elements defined for a manufacturing company's

development program would have application to a non-manufacturing company has been confirmed during this study. Several companies of the latter type were visited, and as a consequence the author believes that the program elements presented in this report apply, in general, to business organizations other than manufacturing. Some adaptations are necessary, of course, to meet the peculiar requirements of an industry; but no more adaptations seem to be required than any specific manufacturing company needs in order to adapt the elements of the approach presented here. Each administrative organization is unique, as will be developed in Chapter II, and the author believes that the conclusions reached in this report have wider application than to manufacturing companies alone.

It was not possible to visit all the companies desired and suggested during the survey. Certainly, value would have been added to the findings by additional case studies. It is believed, however, that the experiences reported by the executives of the twenty-five companies studied in detail and by the many officers and directors of other companies not so fully covered provide sufficient evidence to suggest a sound approach to the problem.

Need for Executive Development

Intensified interest by business executives in the development of their subordinates has arisen in part as a result of World War II. The loss of capable middle-management personnel to the armed services and the almost complete termination of the flow of competent young people into the lower levels of organizations created a substantial gap in management succession possibilities. Many key officers of companies stayed at their jobs beyond the duration of the war and beyond their normal or expected retirement dates. In some companies executives have remained until there was assurance of competent successors.

Another reason, more intangible but none the less real, for the increased attention to executive development is a belated recognition of the fundamental importance of human beings in industry. Technological developments, stimulated and

encouraged by the war, have far outstripped our administrative knowledge and capacities to cope with the changes. New skills are required, new understandings of people in organizations must be established; in short, new types of administrators are needed. Business leaders are increasingly recognizing their responsibilities to provide for the development of tomorrow's executives.

In addition to these two reasons, there are other objective causes for interest in the development of people. During the course of this and the Westinghouse study,[1] it was found that relatively few managements are aware of the requirements for executive manpower to replace those officers who will retire within the next ten years. And even fewer managements have made any comprehensive analyses of their needs for replacing executives who will die or become disabled prior to retirement. The unpleasantness of the subject probably explains why this replacement requirement has been overlooked. In one utility company in which an analysis was made of the mortality and disability rates, it was found that separations for death and disability had been as large as those for retirement.[2] But whatever the magnitude of death and disability requirements in any single company, it represents a factor to be considered in planning for competent management successors.

The almost impossible task of measuring in dollars and cents the benefits of developing individuals for management positions probably accounts for the fact that companies have so frequently overlooked these programs as a method of reducing costs. Actually, it was found that in some companies development activities were the first to be dropped during a cost reduction program. Many executives, on the other

[1] In 1948-1949 Professor J. Sterling Livingston and the author made a four-month study of the problems of executive development in the electric utility industry at the request of the Westinghouse Electric Corporation. A report was presented at a Conference for Executives of the Electric Power Industry sponsored by the Westinghouse Electric Company. This report was later published in *The Second Future Power Market Forum.*

[2] The Commissioners' 1941 Standard Ordinary Mortality Table provides little comfort on this score. This table indicates that among individuals whose age is now 45, 32% will not live to age 65; among those whose age is now 50, 29% will not live to 65; among those whose age is now 55, 23% will not live to age 65; and among those who are now 60, 15% will not live to normal retirement.

hand, stated that the most valuable asset in their companies was the group of people who made up the organization. No dollar figure reflected this asset on the balance sheet, but the element that gave value to the plant and machines was the group of employees. Perhaps this concept has been stated so many times that in its triteness we disregard the possibilities of reducing costs by encouraging the development of the skills and capacities of the people in the organization.

There are few members of management who would not accept in general the reasons for doing something affirmative about the development of personnel. It is easy, however, to neglect this phase of operations, and the same executives who agree in general on the need for development frequently postpone doing anything about it in the face of what seem to be more urgent operating problems. No item on the profit and loss statement separately reports and directly reflects the cost of inadequate attention to the development of people. And rarely are special control reports prepared which isolate and define the cost of employing personnel and then losing them after six months or a year. In some companies efforts have been made to estimate this cost, but usually this task is undertaken only when the turnover problem has become so acute that management action must be taken. Also, it is not practical or possible to measure in dollars and cents the cost of not realizing the full potential of existing employees in the organization. Sometimes such cost is reflected in "bad morale" — poor spirit — but these are certainly intangible qualities, and complex relationships with other company policies are involved. The lack, however, of tangible and concrete cost data does not lessen the desirability of fully developing the skills and capacities of a company's employees.

Evidences of most managements' predilection for emphasizing the value of plant and equipment to the disregard of people were effectually illustrated in a large eastern manufacturing company. In an effort to diversify its existing line of industrial products, the management secured the approval of the board of directors to organize a subsidiary division to manufacture and distribute a consumer's product. Approximately two years were spent in planning and securing the

appropriate plant and equipment. When it became necessary to man the new subsidiary, sales, production, and other management personnel were transferred from the parent organization. Nothing had been done during the two-year period to prepare for the management of the new subsidiary; it was assumed that competent members of an organization manufacturing and selling industrial products could automatically transfer their abilities successfully to consumers' products. The first year of the operation of the subsidiary resulted in a substantial loss. It was explained that this was due to the problems of starting a new venture. When the losses during the two succeeding years exceeded those of the first year, the board of directors promptly terminated the diversification effort, sold the plant at a further loss, and absorbed the personnel back into the organization of the parent company. The president stated that the subsidiary might have succeeded if as much management attention had been given to staffing the organization with competent people as had been given to planning the requirements of physical assets.

This situation was found to be not unusual. Similar difficulties were reported by other executives. In some cases it was possible to achieve profitable operations by the employment of personnel from other companies in the industry, but only after painful recognition that the development of personnel for expanded operations is just as important as the plan for plant and equipment.

The striking need for the development of employees is sharply apparent in small enterprises. There the owner-manager typically makes all the management decisions. As the business grows, new employees are added, but the manager usually permits them to participate only through the performance of minor tasks. The main bottleneck preventing the further growth of the company is frequently the owner-manager himself who, as the result of his habits of work, finds it almost impossible to delegate responsibilities to his subordinates. In a small southern manufacturing company, for example, the president-owner, 38 years old, directs the operations presently employing about 40 people. His insistence

that all mail pass over his desk, that all sales and purchases be handled personally, and that he know about every entry made in the books, though there are in fact competent employees to perform these tasks, realistically limits the size of the enterprise to the capacities of the single manager. The company is, in every sense of the word, a one-man business.

Tragic evidence of this same phenomenon is frequently found in so-called family businesses. The strong and able father has created the enterprise, and because of his abilities, it has grown and prospered. Starting in a small way, he has performed every job involved in the business. As it expanded and as sons have come into the company, he continues to "run the show." The son or sons occupy various positions of little actual responsibility, yet are assured by the father that "someday this business will be yours." The father, however, does nothing constructive to prepare for this eventuality, and the sons, with unusual exception, are lulled into a false sense of security. What they have learned by observation and absorbed by "being around the shop" is some contribution to their understanding, but more frequently than not the father's death thrusts management responsibilities on unprepared shoulders. The enterprise then may languish for years while the new manager sincerely and earnestly tries to learn quickly the "how" of management. Many examples come to mind to illustrate like occurrences, but this type of situation is probably so familiar to the reader that further elaboration seems hardly necessary. The significant point is that succession of management, which is uniquely important in small business, can be achieved through attention to selection and development of competent subordinates.

In some companies conscious attention to development appears unnecessary because the present organization is strong and operating effectively. There is no evidence of urgency. Whenever replacements are required for key positions, someone always seems to be available and ready to move into new responsibilities. The chief operating executive concludes that good men have come along in the past, and there is no reason to expect that good men will not continue

to arise as the occasion requires. Management complacency in this area usually requires the sudden and unexpected loss of two or three executives as a shock treatment.

Managements, however, cannot assume that because good men have come along in the past, they will continue to do so.[3] In nearly every company visited, executives reported that it had become unusual for men to rise from the work force into the executive levels of management. In one company the president stated that four out of the top five officers today had started at the bottom in the ranks of labor, but that he could not name more than one or two persons who had come into management positions from the hourly force during the last fifteen years. He explained that this situation was due largely to union seniority rules which require men to progress through each job classification, thus making it virtually impossible for outstanding men to acquire at an early age the experience needed for supervisory positions. Few hourly workers who reach the lower levels of supervision are young enough to be considered for promotion to the management group.

In many companies the executives are aware of these barriers to the advancement of potential leaders in the hourly work force, and part of their development program includes efforts to keep the door open. But unless this practice is followed, the likelihood is that in companies with union organizations the hourly wage group will not constitute a significant source of executive personnel as it has in many companies in the past.

Another reason why men will not acquire naturally the skills and capacities for leadership is that as companies have grown and become more complex, responsibilities within the organization have become more and more specialized. Companies today, more than ever before, are groups of specialists. This functional specialization has tended to limit the points of view of potential executives and to confine them to very narrow functions. The specialization goes beyond functional

[3]This aspect was developed in the Westinghouse study. Subsequent case studies of manufacturing companies confirmed the belief that the reasons are not peculiar to the electric power industry.

specialization such as sales, production, and finance. In some companies the normal path of progression is up through some limited part of the sales or the production or the finance function. The result is that by the time a man has progressed upward in the organization and is a candidate for a position of wider responsibilities, it is too late in his career to give him actual experience in other areas of the business. Without conscious planning for the development of its personnel, many companies will continue to select specialists for broader administrative jobs and in a very real sense "run for luck."

Another factor, akin to the specialized experience within the company which invalidates the assumption that good men will continue to arise, is the continuously increasing tendency toward narrow technical education. Today many companies define their requirements for new employees, not in terms of general engineering, for example, but in terms of engineers with certain specialized training. Many schools have modified their curricula to meet these changed demands. As scientific and technical knowledge has increased, students as well as faculties have been forced to concentrate on special subjects — learning more and more about less and less. As Mr. Chester Barnard, then president of the New Jersey Telephone Company, pointed out in 1940:

> . . . while men are concentrating upon techniques, machines, processes and abstract knowledge, they are necessarily diverted to a considerable extent from experience with men, organizations, and the social situations, the distinctive fields of application of leadership ability. Thus, at the most impressionable period they become so well grounded in "mechanical" attitudes . . . that they transfer these attitudes then and later toward men also.[4]

New men coming into manufacturing companies today may have greater technical capacities to meet the specialized requirements of their jobs than did the new men of twenty years ago, but as Chester Barnard points out, this increased technical capacity has been achieved at the price of sacrificing education in the skills involved in dealing with people. The

[4] Chester I. Barnard, *The Nature of Leadership* (Cambridge, Harvard University Press, 1940), p. 7.

problems several companies have had in developing administrators among their technical and research personnel bespeak the important educational job which was not done in school and now must be done in industry.

To think, however, of an approach to development only in terms of providing successors to management is to neglect the full meaning of development. An important distinction needs to be drawn between development for advancement and development for growth. In many organization situations immediate advancement may not be possible. In some companies the present key executives are relatively young; their expected retirements are twenty to twenty-five years ahead — with the result that they show little affirmative interest in developing subordinates. Besides having young key executives, furthermore, a company may be static, holding its share of the market but not expanding. Growth opportunities constitute the real incentive for able people in these situations. If this fact is not recognized, the organization soon lapses into a business civil service in which the typical employee's attitude is, "Do my job; stay out of trouble, and in thirty years I can retire." Able and progressive administrators are not likely to exist in such an organization.

Development Programs

It was found during this study that several companies professed to have thoroughgoing development programs. These were widely publicized through the press and company magazines and bulletins. Investigation of several of these companies disclosed, however, that there was an almost perfect inverse correlation between the extent to which a program was publicized and the extent to which an effective program was being practiced.

There appeared to be several reasons for this situation. In one case the president of the company was a man with tremendous administrative capacity, apparently limitless energy, and other personal traits that enabled him to direct the operations of a substantial enterprise without a strong supporting administrative organization. The key subordinates were

little more than agents of the president's decisions, and the publicity as to the development program was a mere cloak to disguise the chief operating executive's strong compulsion to run the whole show. In another company, as reported by one of its former key executives, the president was not secure in his own position and therefore did not want challengers to his authority. Whenever a vice president manifested any growth or acquired a following in the organization, he was discharged on specious grounds. In this situation, too, it was stated that the widespread publicity on "opportunities for all employees" was an effort at rationalization on the part of the chief operating executive.

In another company the president recognized the importance of developing members of the organization and stated as a policy that he and all other key executives should develop their subordinates on the job. The president was sincere and was able to verbalize a policy on this matter. But his own personal operating conduct thereafter put the lie to his policy statement of intentions. Accordingly, his subordinates likewise followed the pattern set by the president and lapsed into little more than lip service to real development of subordinates.

In some situations the company managements recognize that conscientious efforts should be made in their organizations to provide opportunities for growth to the employees. They are reluctant, however, and this situation was found to be true in several companies, to formalize any program for fear of resistance from the employees. This feeling is partly due to the fact that these particular executives think of a development program as a training course. Again, such a feeling reflects a full appreciation of the danger of "training" people but neglects the desire of people to grow and develop. It is unfortunate that the word "training" has become confused with executive development. "Training" may be an acceptable word for efforts to improve physical skills such as the operation of production machines. Here there is one approved way of operating the equipment, and production goals can be met if all workers employ what has been decided to be the best method of operation. "Training" implies the

existence of accepted methods as principles of operations. But the development of administrative skills involves few if any principles or operations which apply to everyone in administrative work. The author has found ample evidence to support a conviction that a majority of people in an organization resent "training" approaches whereas they readily accept efforts to help them grow and develop.

A good example of the extent to which an abortive executive "training" program has jeopardized subsequent management desires to develop key people was found in an eastern manufacturing company. Twenty years ago a training program was organized which included as trainees new college graduate employees and other employees earmarked for progression in the company. Each trainee was told that he had been carefully selected for the training course, which would consist of rotation in a series of jobs in the operating divisions. The vice president who related this experience stated, "When these crown princes arrived at the operating level, their cheeks were still wet with the headquarters' blessing." The impact of the trainees, who unfortunately had been led to believe they were crown princes, on the existing organization was "shattering," and the program was quickly and quietly terminated. The older and key executives in the company today, however, still remember the experience. Whenever a proposal is offered to consider the adoption of a program for the development of key people, these executives start their thinking by referring to the "training" experience. This unsuccessful training effort made such an impression on the members of management that, though the present key executives are extremely able and the company prospers, they have no idea whether able people are in the lower echelons of the company, or where they are. This may seem to be an unreal and extreme situation, but many others substantially similar were found during the course of this study. The growth and development of executives have suffered because of the confusion arising out of the use of the word "training."

In some companies the managements have been unwilling to inaugurate a program of development because they believe

the cost will be too high in terms of measurable benefits. It was noted earlier that measuring the results of development efforts is difficult, if not impossible. In one large company, however, where competition has caused an extreme cost consciousness among the management members, the director of executive development related the progress of the development to sales volume and labor and administration payroll costs. It happened that sales volume went up and payroll costs went down, and the director used these figures to support his contentions as to the value of the program. Usually, however, the possibilities of relating an executive development program to operating results are remote and probably invalid. The results of development are intangible and not easily recognized. The measurement of these results encounters the same "proof of performance" problems that a company legal department practicing preventive law meets. We never know what the costs would have been if certain actions had not been taken by the legal department.

Some of the apprehension about the costs of a development program have also arisen out of misconceptions as to what such a program entails. The president of one company stated, for example, that the costs of a psychiatrist and the costs of psychological tests were greater than the possible benefits. Another executive said that everyone in his company was busy on the job, and if half the staff spent one afternoon a week attending a lecture, "I'd hate to think what would happen to our profits." A third executive objected to what he considered would be necessary additions to the personnel department, which "is already too large, and besides, that is overhead which is allocated to my division." According to the thinking of still other executives, a program consisted of a series of conferences, "and we already spend too much time in conference and not enough getting things done."

The discussion of company development practices in the following chapters will indicate, it is hoped, that a program must be adapted to each company's own requirements and may or may not include some of the features mentioned above which were alleged to be undesirable. Certainly, there will be *costs* if anything is done in this area, and certainly it is

impossible to state that any company will immediately reap directly commensurate rewards from a program. But to neglect doing something about the growth and development of people is to deny the value of the organization of human beings. There is no single cost of a program. Each company's management, in view of its own situation, must decide what the elements of its individual program need to be.

Responsibility of Board of Directors

It is generally accepted that one of the main responsibilities of the board of directors is to select the company's chief operating executive.[5] An implication of this function is that the board ought to know who in the organization could replace the president and what is being done currently to prepare candidates for the position should a selection become necessary. Since business corporations are created in perpetuity, in effect, therefore, the board should assure itself that as a matter of company policy men are being developed throughout the organization for growth in their present positions and for progressively more responsible positions in the company. Lapses by individual boards in meeting this responsibility are too common to enumerate. The full impact of their failure to look ahead is disclosed when the president suddenly and unexpectedly dies or becomes incapacitated. The scurrying and soul-searching that follow such an experience sometimes shock the board of directors into assuring itself that "this will never happen again." It is easy, but dangerous, to become complacent when a healthy president is occupying the position.

In a discussion of the board responsibility with directors of several large companies, it became apparent that this element of the board's function is frequently overlooked. One director stated that he knew some of the vice presidents "pretty well," either as co-members of the board or as officers who appeared

[5]Melvin T. Copeland and Andrew R. Towl, *The Board of Directors and Business Management* (Boston, Division of Research, Harvard Business School, 1947), p. 4. "It is a responsibility of the board of directors to make sure that a competent executive is in charge of operations and that he has an organization adequate for handling the work."

from time to time before the board, but that he had not considered the possibility of strengthening the capacities of the vice presidents, either in terms of their present jobs or as successors to the president. He added that he knew virtually no one below the level of the vice president and that he "doubted" that any program of development as such was in effect. Too few companies were studied to provide any basis for conclusions as to how general this deficiency is among manufacturing companies. Such a possible conclusion, however, is less important than recognition by alert board members that this is a matter which requires their attention.

The chairman of the board of a large eastern company, who inaugurated a thoroughgoing program of development during his tenure as president, stated that a strong president can do a great disservice to his company by not providing for the growth of subordinates. The stress and problems arising during the transition following the unexpected loss of the key man are not compensated for by the results of depending on the strong and indispensable man. He stated further, "A board makes a great mistake when it keeps a president who does not develop subordinates." Situations in business today will occur to the reader where the death of the company's leader is likely to have serious consequences. Corrective action is the responsibility of the members of the board of directors, individually and collectively.

Purposes of the Report

The purpose of this report is to present a critical appraisal of the growth and development methods found in the companies studied and to define some of the elements of a useful approach. Consideration of executive development gives rise to many questions, of which the following are typical: What is an executive? What are his capacities and skills? Is there an optimum combination of personal traits? Can these be defined and measured? What does an executive do? How does he do it? Can executive abilities be developed? How? What are the problems confronting the management

of a company in which the decision has been made to "develop" organization personnel? These questions and many others occur in any discussion of executive development, and answers and part answers will be considered in the succeeding chapters.

It must be remembered that this is basically a study of selected situations, that the evidence is drawn from operating businesses in which, as noted before, "something is being done" about the development of people. The following chapters will try to present in organized form what was found in the hope that (1) these findings will be helpful, and that (2) operating executives and directors will be stimulated to consider these results within the framework of their own experience and their own companies. We know relatively little about the growth and development of people, but over the years this area will no doubt be explored continuously. This report should be regarded not as final but as an executive development *status* report, circa 1949.

CHAPTER II

The Requirements of Executive Positions

SEMANTIC problems, as became apparent very early in the study, constitute a major obstacle to understanding the implications of executive development and represent the source of much of the confusion that exists. For example, words used to describe the executive or the executive function were found to have different meanings for different people. In trying to define "executive" we found that virtually every person asked included some unique elements. A search of literature on the subject provided no help, for there, too, was little agreement, and words seemed to convey different meanings to various authors.

Some writers draw lines through various planes on the business organization chart; only those occupying positions above the drawn line are described as "executives." Other students of the subject have spelled out in considerable detail the distinctions between an executive and a leader: "A leader develops personal loyalty but an executive develops organizational loyalty." Similar distinctions have been carefully established to characterize the administrator. In some companies executives are those on a headquarters or Class A payroll, or those who receive salary compensation above a stated amount. In one company those members of management who have been invited by a committee to lunch in the executive dining room are executives; those who sit in the employee cafeteria are something other than executives. What they are was not too clear! These subtle distinctions, perhaps useful for some discussions, do not seem to serve any purpose in this study. Perhaps a large part of the semantic problem in this field arises from a failure to consider the purpose for which the definition is made.

In this study we are concerned with the growth and development of people whose function is to get things done through

the efforts of other individuals. The study takes into account all levels of management because those who will occupy positions in the top two or three levels of management fifteen or twenty years from now are likely to be found in the lower levels today. What is or is not done during the next twenty years for the development of members of the lower-level personnel will determine in large part the degree of skill and capacity they will bring to the higher positions. It may well be that the man employed by a particular company tomorrow will be its president in twenty years.

Accordingly, the many distinctions commonly drawn to describe separately the executive, the leader, and the administrator will not be observed in this report. These terms will be used interchangeably to mean the performance of the function of getting things done through people.

A more complete definition of the function with which we are concerned has been provided by Professors Glover and Hower. They state: "The administrator [the executive, the leader] occupies a position of responsibility for and to others in getting things done through group effort in organizations. The qualities which distinguish the administrator are his ability to think and act responsibly, to work cooperatively with others, and to provide others opportunities to work effectively and with satisfaction within the group."[1] A substantially equivalent definition has been stated by Mr. Chester I. Barnard, President, New Jersey Bell Telephone Company: "Leadership refers to the quality of the behavior of individuals whereby they guide people or their activities in organized effort."[2]

This, then, is the function of the executive, the administrator, the leader. But is it not possible to spell out in more detail what quantitative and qualitative characteristics the executive possesses? Is there not a set of personal factors which distinguishes the administrator from one who is administered?

[1] John D. Glover and Ralph M. Hower, *The Administrator* (Chicago, Richard D. Irwin, Inc., 1949) pp. 2-3.
[2] *The Nature of Leadership*, p. 3.

The Mythology of the Ideal Executive

Many businessmen and writers have described in considerable detail the capacities of the ideal executive. Expressly or implicitly, the specifications are stated as attributes of success for all executive positions. These descriptions may be useful as broad standards for executives in general, but they are not useful for the practical purposes of development of particular persons for particular positions in particular companies in particular situations.

If, for example, an effort were made to extract the least common denominator of executive qualities found in executives in fifty companies, we could compile a list which would probably include imagination, loyalty, ability to get along with people, and so on. But the ability to get along with people, for example, is not a precise, meaningful expression, because what is involved in getting along with people in one situation may be quite different from what is involved in getting along with people in another situation. The phrase has meaning only in the specific organizational situation in which it is found. The executive abilities and capacities exist not by themselves but in relation to the organizational environment in which they are exercised.

One student of the executive function states: "The findings suggest that leadership is not a matter of passive status, or of the mere possession of some combination of traits. It appears rather to be a working relationship among members of a group, in which the leader acquires status through active participation and demonstration of his capacity for carrying cooperative tasks through to completion."[3] Mr. Irving Knickerbocker, too, takes exception to the belief that a leader has certain quantities of certain qualities. He states: "The leader is a product not of his characteristics, but of his functional relationship to specific individuals in a specific situation. As a result, the variability of leaders' characteristics upsets all but the broadest statistical efforts at analysis." He adds: "The leader, realistically and factually, is not a person

[3] Ralph M. Stagdill, "Personal Factors Associated with Leadership: A Survey of the Literature," *Journal of Psychology*, January, 1948, Vol. 25, p. 66.

endowed with a list of characteristics which make him what he is."[4]

There are at least two main obstacles which preclude the formulation of a definitive check list of the characteristics of an executive. The first is the absence of any generally accepted set of objective criteria as to what is a good executive. Such criteria are necessary to provide the basis for measuring the validity of any stated personal ingredients.[5] In the case of a workman, a bricklayer, for example, it is easy to measure his productivity by the number of bricks laid in one day. In the case of a salesman, it is possible to measure his success by a number of factors, for example, total sales, profit on those sales, rate of returned goods, new customers, bad debt losses on sales, expenses, and so forth. But when it comes to measuring the success of one who supervises others it becomes necessary to rely more and more on subjective measures of success, measures which are not concrete and are not easily reduced to mathematical terms. And as one goes higher in the levels of management, it becomes increasingly difficult to find objective measures. This statement does not mean that there is no value in the company use of a list of qualities, but only emphasizes the fact that the absence of objective criteria precludes the creation of a single list of characteristics to be found in designated quantities in good executives in all companies.

A second, and related, obstacle to the possibility of having a single check list of factors is that there is no such thing as the "executive position" or the "administrative position." Different positions in different companies have different technical and substantive job knowledge requirements. In addition, although there may be a general core of executive personal qualities, for example, imagination, adaptability and intellectual capacity, which are required for all executive positions, our present knowledge does not permit defining how much of what personal qualities are required for all executive positions. In this consideration it should be noted that while

[4]Irving Knickerbocker, "Leadership: A Conception and Some Implications," *The Journal of Social Issues*, Vol. IV, No. 3, Summer 1948, pp. 30, 33.

[5]The problem of criteria for validation was presented by Dr. John G. Jenkins in "Validity for What?" *Journal of Consulting Psychology*, Vol. X, No. 2, March-April, 1946, p. 93.

there has been progress in the measurement of personal qualities in people, there is not today any thoroughly dependable and accurate method.

Not only are there differences in job requirements for positions in various companies, but also there are different requirements sometimes for similar positions in the same company. In one large manufacturing company, for instance, the position of manager of the geographical division nearest to the headquarters offices, the eastern division, required personal traits different from those of the manager on the West Coast. In this case the home office executives were available for frequent consultation on eastern division problems and, more than that, they wanted to participate in the operations of the division. They explained that they wanted to "keep a hand in" operations and also that the eastern division provided a convenient control point where ideas could be tried out before adoption on a national scale. The West Coast division manager, on the other hand, because of the geographical separation from the home office, was required to be self-reliant and to make many of his own decisions without the benefit of consultation. He stated that sometimes several days or weeks went by without his hearing from the home office executives. It was clear here that two men with completely different patterns of personal traits were fulfilling the requirements of their respective jobs. Different duties and different responsibilities were involved, and even though these two executives had the same title, Division Manager, different personal traits were required.

These two obstacles, namely, the lack of criteria as to what a good executive is and the lack of uniformity in executive positions, would seem to deny the validity of any single list of personal traits. If the executive positions were identical and if objective criteria were established for a good executive, it might then be possible through research to refine the ingredients as for a chemical compound. Unfortunately, or perhaps fortunately, it is not this easy. No list or lists of characteristics were found during the course of this study which reflected such an effort. There is no such thing as the "ideal executive." This conclusion does not mean, of course,

that the research efforts in this field have been fruitless and that we know nothing about executive traits. It means only that there is no *single* quantitative list of qualities for an executive.[6]

We stress this point because of the not uncommon belief by some businessmen that somewhere someone has such a definitive list of characteristics. In some cases business executives have been exploited by commercially minded students of the executive function. The president of one company stated that he had purchased a "pink pill" list as part of a development program, and after a trial period at what he described as "some expense," he discarded the list. He added that "those who over-simplify this problem do a real disservice to managements. There may be some common executive traits, but for every one alleged to be common, we found 50 exceptions — exceptions in that men without the required trait were doing good jobs."

The conclusion, therefore, is that for the purposes of providing for the growth and development of executives, each company must study and define the technical knowledge and personal characteristics required for each administrative position in its organization.

Reasons for Defining Job Requirements

Our investigation of the development practices of manufacturing companies indicates that the three following main needs are served by the definitions by individual companies of the requirements for each position:

1. To provide a specific basis, a goal, for the development program;
2. To provide objective specifications for selections for promotion;

[6]Mr. Chester I. Barnard stated: "Leadership appears to be a function of at least three complex variables — the individual, the group of followers, the conditions. Now the points to note here are two. First, these are variables obviously within wide limits, so that leadership may in practice mean an almost infinite number of possible combinations. Second, if we are to have a good understanding of leadership, we shall need a good understanding of individuals, of organizations, and of conditions, and of their interrelationships so far as relevant to our topic. Do we have that now? I am sure we do not." *The Nature of Leadership*, p. 4.

3. To provide impersonal guides for the employment of the new personnel.

A Goal for the Development Program

In several companies the managements seemed to be more interested in doing something about executive development programs than they were in developing executives. In one middle western company, the Weston Corporation, the president concluded, just after the war, that one of the company's major problems was to strengthen the organization through a development program. He asked the vice president in charge of personnel to poll the company executives as to the "qualities" of an executive. He believed that the consensus would provide a list of capacities which would then serve as the objective of the program. The lists were prepared by about ten of the top men in the company, and when they were summarized it was found that one of the most common qualities stated as necessary for an executive was the ability to speak effectively before large groups of people. With this clue as to what to aim for in a development program, the president made arrangements with a local school for speech lessons. Over the next two years about 135 members of the management group attended a series of speech lessons.

When the classes were completed, there was considerable improvement in the extent to which members of this management group could speak effectively. It was clear that almost everyone who participated gained some benefit. "But," stated the president, "while we were treating all our key people with speech medicine, they were dying from other diseases. We concluded then and there that all our people did not need the same things to strengthen their weaknesses. We may not have the best management organization in the industry, but I am sure our men can outspeak any other group!"

This situation and others which are similar point up several significant factors in regard to a company development program. In the first place, it is necessary to define clearly what the objectives of the program are before it is begun. These objectives cannot be stated broadly as "to develop people,"

but rather, they must be specific and detailed. As a result of this experience, the president of the company discussed above remarked, "You have to know what you are trying to do before you start trying to do it." This apparently obvious truism was neglected in several companies.

Secondly, since positions at the management level are different, a list of general qualities does not suffice as development objectives for all the positions in the organization. In the Weston Corporation, for instance, although the development in public speech-making of the key production people contributed something to their abilities as executives, speech-making was not an important part of their job responsibilities. There were other more important requirements of their positions toward which development attention might have been devoted with greater direct benefit. The experience of the Weston Corporation and others is partly the result of relying upon the misleading idea that an executive is made up of certain definitive qualities: If we can define them, we then have our objective. These general lists are not useful inasmuch as they do not take into account that administrative job requirements are different.

Thirdly, it should be noted that people are different and that development is an individual process. There may be some areas in which it is possible to get the benefits of a group approach, but in general the complex personal and experience abilities found in people require that development be regarded as an individual effort. Again, in the Weston Corporation all members of the personnel probably gained something from the speech lessons, even those who possessed some skills in this area. But, also again, the requirement that all personnel be given the same speech medicine overlooked the possibility of overcoming some of the weaknesses of members of management who already were able and skillful public speakers.

In the fourth place, the spelling out of the experience and personal requirements of each position in the organization sharply focuses management's attention on the importance of developing men now for the positions they may occupy later. For instance, a sales department head in a large middle western company stated that if he could go back twenty years

and arrange a different job progression up through the organization to his present position, he would fill in two or three gaps in his experience, gaps which could have been avoided with some planning and which, in the opinion of the department head, make him less well qualified for his position than he thinks he should be. Spelling out the job requirements for a position helps to avoid the blind spots reported by this department head. Rarely do men acquire the job experience requirements of top-level positions by chance. A definition of these requirements makes it possible to plan the experience progression of able men and to anticipate the filling of important posts with qualified personnel. It should be recognized, of course, that it is not always possible to achieve perfection in providing progressive jobs for the sake of the benefits to be derived from experience. The exigencies of the business many times prevent the exposure of key men to desired experiences. The existence of a blueprint of job requirements, however, does contribute to the assurance of better qualified men than results where there is no objective planning.

In the North Company, for instance, where no specific job requirements were defined, the executive vice president discussed the way in which he secured the variety of experiences he believed necessary to arrive at this goal as a top officer. He had joined the North Company 28 years before, after graduation from college. His first job was in the factory, and during the following 10 years he managed to get transferred to work in all its major operations. These moves were not planned by the management but by the man himself. Next, he secured a transfer to the sales department at a reduced salary, but over the succeeding 10-year period he again arranged for moves to the various functions of the sales department. Later, he was asked to work as a coordinating officer between sales and production in a subsidiary of the parent company where he was soon promoted to the position of executive vice president and then president. When the position of executive vice president of the North Company became vacant, he moved up and occupied that position at the time of this study. After explaining his own planned

progression through the company, he stated that, in his opinion, this was the ideal experience to qualify him for the present job and that the goal of the company's development program was to plan and help others in the lower levels to gain the same benefits. Blind spots in experience can be avoided by a predetermination of what the desired requirements of the various positions are. Without such a blueprint of requirements, only a few exceptional men will exercise the foresight to "arrange" a useful progression in experience up through the organization.

Specifications for Promotion Selection

The definition of the requirements of each position provides a standard or guide when management makes the decision as to which of several candidates should be promoted. If the specifications with regard to experience and personal factors have been carefully determined, the selection process becomes more objective and is likely to be accomplished more fairly.

A decision in selection is essentially a prediction that the man chosen for the job will perform satisfactorily. In the manufacturing companies visited many executives noted that in their experiences numerous selections for promotion had been made with "pious hopes that the man would work into the job"; they added that more frequently than not, he didn't. When selections are made without apparent regard for the experience of the man and the personal requirements of the job, the morale of the other employees suffers immeasurable but real damages. Fair treatment and opportunities for promotion are usually of higher priority than salary in polls of employee attitudes, and, if, when vacancies occur in higher positions, these important elements are jeopardized by what is regarded as discriminatory selection, much harm, sometimes irreparable, is done to the organization.

Two instances illustrate the damage to morale which resulted when consideration of the job requirements were disregarded. In the first, the management of the Hubbard Company followed, with rare exception, the policy of promoting men from within the organization. There were a few

instances, when the company diversified into new fields, where men from specialized functions outside the company were employed. Key employees accepted these appointments with understanding, for the technical experience and knowledge needed were different from those found within the company. In 1948, however, the head of one of the major operating subsidiaries resigned, thus creating an opportunity for a promotion selection. When it was announced by the president that an employee from another subsidiary in an unrelated field had been selected to fill the vacancy, the morale of the organization, as reported by the president, "sagged." He stated that key employees in the affected subsidiary believed that their new manager, with no experience in their operations, was not qualified to hold the position. All his experience with the Hubbard Company had been with elements of the procurement function in specialized nonsupervisory work, whereas his new position required administrative capacities in directing an organization of 750 people and an understanding of highly technical processes. After one year on the job, the new manager was relieved and an experienced man from within the subsidiary was promoted to the position. The president of the Hubbard Company, after outlining this situation, stated that he had overlooked completely the administrative and technical experience requirements of the job. The man first chosen had done an excellent job in procurement in the analysis of raw material markets and was commonly regarded as "an up-and-coming, bright young man — a comer." The president, however, neglected to match the demonstrated abilities of the man against the requirements of the job.

In this case it was good neither for the man nor for the organization to select him for a position for which he had no proven capacities or experience. Had there been some description or conscious awareness of the job requirements here, it is likely, or at least possible, that a comparison of these requirements with the experience and qualities of the man chosen would have resulted in a different selection decision.

It would be an extreme oversimplification to ascribe the morale problem in this organization to the decision on selec-

tion outlined by the president. Morale is certainly the result of many factors and many interrelationships, and the facts of this particular situation were suggested by the president of the Hubbard Company to illustrate what he regarded as his error in disregarding the job requirements when making a selection decision. He believed, however, that there was a direct cause and effect relationship here between the morale in the organization and what turned out to be an unwise selection decision.

Another striking instance in which the selection decision was reported to have affected a group's morale was in the Webber Company. Here the head of the industrial relations department died unexpectedly; and with no adequate replacement available in this small department of five men and three secretaries, the president looked elsewhere in the company. From time to time during the preceding years the president had had occasion to meet and come to know one of the abler salesmen in a branch sales office. This man had won several sales contests and was frequently invited to represent his branch at sales meetings held in the home office. In recounting this situation, the president stated that the salesman had an excellent sales record and got along very well with his customers. He was alert, and besides "any intelligent man ought to be able to direct an industrial relations department." The salesman was selected and moved to the headquarters office. Other employees of the department recognized that none of them had the experience or age to fill the position, but when the branch salesman was selected, they became discouraged and unhappy. One employee remarked: "Here we have a new boss with no experience or training in industrial relations or production work. Our main problems arise in the production end of the business, and the boss doesn't know a fork lift truck from a stamping machine. It will take us years to educate him!" It became apparent during the following year that the salesman would not "work out" as the president had hoped, and he was relieved and returned to a sales branch. A mature and experienced man from outside the company was hired and, according to the president, he was working out very well.

In this latter situation the bad morale did not result from resentment by the other employees because one of them was not promoted; rather it resulted from the president's lack of awareness that the job of director of industrial relations had certain specific and desirable requirements. Again, this is an oversimplification of a complex morale problem and is cited here, as reported by the president, to emphasize the importance of taking into account the requirements of the job in the making of selection decisions. We recognize that it is not always possible to find and select the ideal man for the job, but the definitive knowledge of the requirements of the position serves as a useful management tool to avoid the kind of situations just described.

Many other instances were found which emphasized the same concept. In one company a good specialty salesman was selected as division manager, a job which required administrative capacities and experience. These were forgotten when the selection decision was made by the president, who stated: "We assumed that a good salesman would be a good division manager. We know now that these are two completely different jobs." In another company a salesman was appointed branch manager because "he was a star salesman, and we believed that such a good man ought to be able to help others to sell. He couldn't, and is back doing a great job on the road." This type of situation demonstrates the shortcomings of the almost axiomatic belief of some executives that because a man is good in one field, he will be good in another. Some men, it is true, are remarkably versatile and can perform successfully in many different kinds of jobs. Their personal abilities are adaptable to many job requirements. Such examples probably represent the source of the axiom. The experience of many of the companies studied for this report indicates, however, that a more useful axiom states: "Administrative jobs vary among companies, and the selection decision can best be made in terms of the specific technical and administrative requirements of the specific position."

The executives of several manufacturing companies observed that they did have job requirements in mind when they selected men for promotion. Investigation disclosed, however,

that the standards used were very general, with the result that there were wide differences of opinion within a single company as to the meanings of the terms used in stating the standards. In one company it was reported that a division sales manager should be "vice presidential timber, wide-awake, a good salesman, and have sound business judgment." Interviews with some of the executives as to what these terms meant in appraising various candidates revealed about as many different interpretations as there were executives attempting to apply the general terms to a specific selection problem.

In another company two candidates from the organization were brought to the home office to be interviewed for a position as assistant to the vice president of production. One of the candidates had had thirty years' experience with the company, whereas the other man, several years younger, had been employed by the company a little over two years. In a discussion of this selection case with the five key executives who made the interviews, it became clear that each executive used his own ideas as to what were the age, experience, and personal trait requirements of the position. If there had been in this situation some previously agreed-upon standard or description of requirements, it would have been possible to compare the five interview results with the standard. The experience of many companies clearly indicates the desirability of such job specifications.

Impersonal Guides for the Employment of New Personnel

The third main reason for defining job requirements is that the specifications outlined serve as the standard when personnel are interviewed for employment. Spelling out the elements of the job requirements assists all executives who are concerned with the selection of new personnel. "Specifications are desirable," said one executive, "for the same reason that raw material specifications are useful to our procurement division. There probably are purchasing officers whose general standards and personal judgment would assure adequate materials. But we are a lot surer with specifications, and the same thing applies to the procurement of personnel."

The existence of capable, promotable people in the organization twenty years from now requires a pipeline flow in at the bottom of people who are developable. In some companies the recruitment of able young people has been neglected, with the result that today the lower and middle management segments of these organizations are weak. In one company an intensive effort was made about thirty to thirty-five years before to secure what the current president described broadly as "young men with bumps of curiosity, imagination, and intelligence." Today the recruits of thirty years ago are department heads and vice presidents. The existence of this level of desirable men has meant that over the past several years able men have occupied the positions of responsibility. With their retirement in sight, the officers began to give thought to replacements. They made an inventory of all personnel believed to possess management capacity potential, and they found that very few able men were available for promotion to important middle-management positions. Further, they found that the responsibility for recruiting men had been carried for several years by a young employee in the personnel department. This lack of attention to the securing of able persons to come in at the bottom has resulted in the progression of mediocre people in the organization so that today the company faces a serious shortage of men of managerial caliber.

In several companies studies have been made of the individual job specifications for sales, production, accounting, finance, and other positions to determine what seemed to be the personnel factors (age, intelligence, and personality) required for success in these various functions. When these factors were defined, they represented the standards against which all candidates for employment were appraised.

In a large eastern manufacturing company, for example, an analysis of the various production job specifications resulted in the following list of characteristics to be looked for in candidates for employment as potential executives.

Personal Qualifications of New Employees:

1. He is intellectually competent.
   a. Highly intelligent,

b. Creative, has an active, inquisitive mind which sees the need for improvement and searches until a way is found to effect the improvement,
c. Thinks clearly, logically, concisely, and expresses himself accordingly,
d. Adaptable (capable of dealing with emergencies),
e. Has drive (in the sense of both energy and perseverance),
f. Has judgment — common sense,
g. Has self-confidence (not the loud kind),
h. Decisive,
i. Open-minded.

2. He is emotionally stable.
   a. Consistent (people know what to expect from him),
   b. Has executive temperament — force — element of leadership.
3. He has skill in human relations.
   a. Willing to cooperate and work with others,
   b. Has insight and awareness of others,
   c. Open (neither blunt nor insincere).
4. He has the ability to analyze, plan, organize, and delegate.
5. He has obvious good health.
6. He has a degree in engineering or business administration.

NOTE: The above specifications do not attempt to include the more ordinary requirements such as honesty, high scholastic average, or participation in extracurricular activities, most of which are in evident possession of those meeting the foregoing qualifications.

In this same company an analysis of the sales department jobs resulted in the following list of desired characteristics:

The Standard for Sales Personnel:

a. He possesses an active, searching mind;
b. He has imagination and an inquiring mind coupled with initiative — giving indications of ability to do practical creative thinking and of a mind to seek and find new ideas and translate them into practical application;
c. He indicates that he exercises judgment and common sense in reaching decisions;
d. He has ability to express himself clearly, concisely, and logically — orally and in writing;
e. He exhibits a willingness to cooperate with others and to adapt himself to new and changing conditions;

f. He has the ability to understand and follow instructions;
g. He exhibits an interest in our business;
h. He has a sense of proportion;
i. He has force or the elements of leadership (executive temperament).

It has been difficult to measure the tangible benefits of these two sets of specifications in the company's operations. But, in addition to the enthusiastic approval of the executives who are asked to make the appraisals of potential administrators, it was stated that the annual turnover of sales and production personnel has been reduced below 7%. This was contrasted with a turnover rate of 25% to 30% a year before the company used any detailed specifications.

In another large manufacturing company in the East, the Frank Company, the annual turnover of personnel in some branches of the sales department ranged from 35% to 48%. In this company the sales organization was broken down into six regions, the managers of which supervised about ten branches each. Every one of the 62 branch managers hired his own salesmen, no standard list of specifications being provided by either the home office sales department or the regional sales offices. As a result each of the 62 branch managers had his own ideas as to what qualifications a Frank Company salesman should possess. Immediately after the war the high turnover in some branches was explained as due to "unrest and dissatisfaction among the returning G. I.'s."

This possible justification was accepted for two years, but, when in 1948 the same high rates of turnover persisted in the same branches, an executive from the headquarters office started an investigation. He made three significant findings. First, in those branches where the turnover was highest, the branch managers used superficial, specious standards in employing salesmen and devoted very little time to the securing and interviewing of possible employees. In one branch the manager refused to hire college graduates and insisted that the "salesmen in his branch should have experience behind the retail counter selling to shoppers." In another branch the primary criterion was that the prospective salesman must be more than 35 years old; "No youngsters for me,"

said the branch manager. Other branches found through experience that the strenuous sales job in this business required the energy and stamina of younger men.

The second finding from the investigation was that it cost more than $5,500 to hire a salesman and then lose him after six months. This cost figure included only direct costs, to which had to be added the immeasurable intangible losses resulting from a poor selection. Direct costs included the individual salesman's salary, car and travel expenses, a three-week training school, and the two-week salary and expenses of a sales supervisor who accompanied the salesman on his first trip through the territory. Intangible costs, which could not be measured accurately, were the loss of customer goodwill and the loss of sales volume to competitors.

Thirdly, the relatively low standards used by branch managers resulted not only in a high turnover rate for salesmen employed, but also in a dearth of candidates for promotion to administrative positions.

This investigation in the Frank Company has been followed by a further study, still under way, which is attempting to pool the experience of all branch managers for the definition of specifications to be used in the employment of all new salesmen. The top sales executives of the Frank Company recognize the value of permitting branch managers to do their own hiring, but they are now firmly convinced that the branch managers can do a better job of selection if they all use a company standard list of specifications.

Furthermore, the use of a standard list when employing new men may be a valuable help in overcoming the biases and prejudices of those who assist in the selection job by interviewing applicants. These biases are often cleverly disguised by detailed explanations as to the reasons for recommending or not recommending the employment of particular men. In one company, for instance, the president has been personally influential in the hiring of 14 men during the last five years. When he and "his boys" get together, the assemblage resembles a team of professional football players; every man is more than six feet in height and all have strong physical characteristics. Inquiries as to the reasons for employing various

members of this group bring out many reasons, none of which include physical stature and appearance. Further discussion with other executives in the company, however, disclosed that the president believes executives are strong men, and, despite the proffered reasons for employment, he unconsciously disqualifies any short or slightly statured men, and requires that his men be big.

Besides the biases and prejudices relating to physical size, there are other superstitions which are dangerous clues to administrative ability. Dr. Robert N. McMurry discusses some of these in an article in *Sales Management:*

> Typical superstitions are:
>
> 1. A person whose eyes are close together is dishonest.
> 2. A limp handshake indicates a weak character.
> 3. A square jaw indicates a strong character.
> 4. Tall, vigorous men are better salesmen because they are impressive.
> 5. Men with a cast in their eyes are not to be trusted.
> 6. A receding chin indicates lack of sales aggressiveness.
> 7. Persons who do not have perfect command of English cannot sell.
>
> The dangerous aspect about judging applicants on the basis of appearance, unconscious biases or the commonly accepted superstitions, is that they may on rare occasions turn out to be correct....because of one lucky hit, the screener will thereafter, consciously or unconsciously, rule out all sales applicants except those with height, vigor, and bass voices, thereby compounding and perpetuating an error while losing potentially good men for the company.[7]

It is unlikely that any mechanical device such as a statement of job requirements will overcome the prejudices and superstitions of those who interview prospective employees. A statement of this kind does provide, however, an outline of desired traits and capacities upon which interview attention and subsequent discussion may be centered. All the executives who interview candidates will use the same standard of requirements, and it becomes the responsibility of the person in authority to assure consideration of pertinent data.

[7] Robert N. McMurry, "Hunch and Prejudice in Hiring: The Crux of Manpower Failures," *Sales Management*, November 10, 1948.

In one medium-size company in the South, for example, detailed job standards were used for the interviewing of all new men. The headquarters sales organization directed 29 branch offices, and each branch manager selected, subject to headquarters approval, the salesmen for his branch. Of the salesmen candidates who were sent to the home office for interviews, about 25% were rejected. The executive vice president, who organized and supervised the interviewing and final employment procedure, stated that even with a list of specifications as a guide, one or two executives in the organization continued to manifest deep-seated prejudices against certain kinds of persons. The other executives, however, found the standards useful and were able to be objective in their appraisals. "A real advantage of the specifications," reported the executive vice president, "is that each executive who interviews men, in his own way, tries to find out what kind of a man is before him in terms of our standards of employment. When we get together later, we can all talk about one factor at a time. The executives who participate will differ as to their evidence on the various specifications, but out of the combined effort we think we do a better job than we used to when every interviewer was on his own."

An additional value of specifications in the employment of men is that the standards reduce to concrete and meaningful terms broad, general statements of desired capacities. A vice president of one company stated, "We want all new men to be potential vice presidents or presidents." Elaboration of this standard in terms of personal abilities proved to be equally general. Another executive said that his company wanted good men. The definition of "good" resulted in other collective specifications which could mean many things to the executives attempting to apply this standard.

Some administrators have an extraordinary capacity to size up men in terms of their own standards and have impressive records on the selection of able people. Many times they are unable to express what it is that distinguishes the able from the less able, but their "feel" of the interview situation enables them to make wise and discriminating recommendations for the employment of personnel. Many others, however, pride

themselves on their ability to size up men, although investigation of their records raises questions as to the validity of their standards.

An executive of a large middle western company stated that his years of experience in the business made it possible for him to size up a man and decide within ten minutes whether he would be a useful member of the organization. He cited several examples of men now holding key positions whom he had hired over the years. Other executives of the company pointed out later, however, that the key men cited were the stars and exceptions to the selection record of the executive under discussion. He had neglected to mention the dozens of men who had not worked out so well.

An important consideration in the establishment of standards for the employment of new personnel is whether to have a single set of specifications, for all new sales personnel, for example, or whether to use several sets which will provide men with different promotion potentials. Some companies employ new salesmen in terms of the immediate requirements of the job to be done, and they do not consider the problem of providing promotable people with sales experience for higher sales department positions. The usual result of this policy is that when it becomes necessary to fill a branch or division sales manager's job, qualified personnel are not to be found within the organization. In one company which followed this policy the sales manager explained that they made enough mistakes, by underestimating men, to assure an adequate supply of promotable people for higher sales positions. At best, however, it is questionable whether a sufficient flow of competent personnel will result from this practice.

The opposite extreme was found in a medium-size middle western company. This company employed new personnel for sales in terms of a standard that was expected to assure the company of men each one of whom was capable of becoming vice president in charge of sales. An extremely careful screening and interviewing procedure was used in an effort to get the highest quality of personnel. The same policy was in effect for employment in production, finance, and other functional positions. The executives of this company believed

that if company positions were filled with top-notch personnel, the resulting intense competition among employees would produce a reservoir of promotable people for the higher key jobs.

In the Charles Company a middle position prevailed. Here the vice president of sales wished to maintain a relatively stable salesforce that would create strong relationships with the company's customers. Since he believed that it was important for the customers to know the salesmen well, he therefore wanted a large proportion of his men to be career road salesmen. He recognized, however, that some men with field sales experience were required for supervisory and administrative positions. Accordingly, when it was necessary to employ new personnel for the sales department, he studied the current situation and decided whether to employ new men as career salesmen or as salesmen with potential for higher sales department positions.

Certainly, there is no single right solution to this problem of different sets of specifications for new personnel. The availability of promotable personnel, the kind of sales or production job to be done, the business expansion or contraction possibilities, and many other related factors will vary among companies and will have a bearing on the policy to be adopted. The problem was raised and commented upon briefly here to suggest that in each company consideration should be given to the importance of deciding the quality of men to be employed and the need of some job specification standards.

Procedure for Defining Job Specifications

Inasmuch as there is no single set of specifications for the executive position, the administrative position, it is necessary that in each company the individual jobs be regarded as involving unique responsibilities and unique specifications. To be sure, there are common elements to be found in the requirements for the position of sales manager in Company A and in Company B. Nevertheless, there are sure to be sufficient differences in the jobs so that each must be looked at by itself. In some organizations efforts have been made

to adopt the written details of positions of other similar companies, but without exception these were discarded because "they just did not fit our situation."

The executives in one large eastern manufacturing company, the Wallace Company, started the process of defining job specifications by writing out the responsibilities of all administrative positions in the existing organization chart. They explained the purpose of this initial step as an effort to define clearly organization responsibilities and relationships and to determine what functional business experience was involved for each position. If the director of advertising and promotion, for example, did not report directly to the president, as is the case in some organizations, but rather to the sales manager, this was a factor to be taken into account when the job experience requirements for the sales manager's position were defined later. Clear descriptions of the responsibilities of each administrative position were regarded as prerequisites to the definition of job specifications.

An example of the detailed description of the responsibilities of a subsidiary manager was provided by a large middle western company.

JOB DESCRIPTION

Responsibilities:

1. Participates with the home office in the long-range planning for the improvement of the business, and in the development of company policies, programs, and standards.
2. Responsible for all the combined responsibilities of the Merchandise Manager, Operating Manager, Controller and Personnel Manager, and supervises, directs, and coordinates their efforts to carry out successfully their responsibilities to attain a combined satisfactory operation and performance of the business.
3. Conducts weekly meeting with members of his staff to review the week's performance on all the important elements of the business. Directs his management group in the preparation of plans for the elimination of unsatisfactory performances.
4. Holds monthly meetings with his management group to review and appraise the month's performance in relation to plans and objectives.

5. Conducts weekly meetings with members of his staff and department managers to review customer service performance. Through his organization, requires fulfillment of the Company's service objectives and directs a program for corrective action where performance is unsatisfactory.
6. Is held personally accountable for carrying out the Company's policies throughout his organization, with particular emphasis on customer service, labor relations, discipline, the maintenance of properties and equipment, and the observance of approved company standards.
7. Contributes toward improving the personnel of the organization as a whole by constantly requiring that there be brought into the organization high caliber, intelligent, and capable people.
8. Is responsible for the execution of these plans in his territory and personally devotes a sufficient amount of his time to determine that programs agreed upon by the Management are effectively carried out in his subsidiary.
9. Since successful Management interprets itself into satisfactory performance profit-wise, he is responsible for the net profit performance of his subsidiary, with particular emphasis on those elements that are directly within his control.

In one company the management recognized that the organization structure was adjusted to accommodate the peculiar requirements of certain of its key people. The present executive vice president, for example, directed only three of the five major departments because his previous experience did not include work with the two other rather specialized functions. Reporting to the president were these two department heads, as well as the executive vice president and three special staff officers. It was acknowledged that the present structure was less desirable than one in which the five department heads reported to the executive vice president. Accordingly, when written descriptions of job responsibilities were made, they were defined in terms of an organization structure believed "most desirable" by the management.

The managements of several companies have created what they describe as "ideal organization charts" for their respec-

tive companies. They stated that their present charts had shortcomings, but that changing was a slow process because of the people involved. The development of an ideal chart served as an objective toward which moves could be made when there were changes in executive personnel. This refinement in the approach to spelling out job responsibilities might be useful in companies where significant adaptations have been made to meet the capacities and abilities of the people presently occupying the key positions.

After the job responsibilities were defined for each position, the next step in the formulation of job specifications was to determine for each position the experience, age, and other personal factors believed to be desirable. Two types of approach to accomplishing this step were found in the companies studied. In the first, analyses were made of the men who occupied or had occupied the various positions in the organization. Their experiences, education, and personal traits were studied to try to determine what factors were important in the satisfactory performance of each job. Men who were regarded as having done a successful job, as well as those who had not performed well, were considered to determine whether certain of the elements were useful to distinguish them. This approach was based on the idea that if it is possible to find a pattern of experience and personal factors for each position in the organization, it is likely that men with substantially equivalent qualifications will do "good" jobs. It was not always possible to gather a sufficient amount of information for each of the positions in the organization, and in these cases those familiar with the nature of the jobs were asked for their conclusions on job requirements.

In the Wallace Company analyses were made of all administrative positions, and the following is the resulting statement of qualifications for a subsidiary manager.

QUALIFICATIONS

Minimum Qualifications

1. *Education* — College graduate with major in business administration, or the equivalent in practical business experience.

2.	*Experience*	Five years' successful experience including Merchandise Manager, Operating Manager, or Controller.
3.	*Knowledge*	Must have an appreciation of good merchandise and good customer service. Must have a good working knowledge of all phases of subsidiary activities. Should be thoroughly conversant with company policies and must understand and accept company objectives and standards.
4.	*Ability and Skill*	Ability to plan and organize work, supervise and direct people, delegate responsibility and authority wisely, and secure performance. Must be able to interpret company policies intelligently, and use good judgment in making decisions. Must be able to apply himself to details while directing a large organization.
5.	*Personal Characteristics*	Forceful leadership qualities. Analytical, thorough, cooperative, and aggressive. Must have good expression orally and in writing. A pleasing personality which inspires confidence, loyalty, and enthusiasm. High personal standards.
6.	*Physical Requirements*	Good health and businesslike appearance.

The management of the Acme Company, which followed the same method of determining specifications for each position, defined the requirements of a division sales manager as follows:

Qualifications for Position:

1. Experience in selecting and training able men.
2. Successful completion of assignments devised to show creative ability, writing ability, analytical thinking, judgment and common sense, and capacity for leadership.
3. Tangible proof of useful ideas.
4. Successful record in all phases of territorial operation.
5. Experience in market research and test selling in the field.

In some companies the specifications were phrased in terms of satisfactory levels of attainment such as "thorough under-

standing of sales forecasting and budgets." In others, this requirement was expressed as "24 months' experience in sales forecasting and budgets." In the latter case it was explained that the management believed that at least 24 months' experience in the sales forecasting and budgets department was necessary in order to have a complete understanding. It was added, however, that the statement of the number of months was not intended as a required minimum but only as a guide. If a man demonstrated that he had an understanding of sales forecasting and budgets in less than 24 months on the job, he would not be held back from promotion to a higher position because of lack of tenure on the job. This qualification took account of the fact that the capacities of men to gain satisfactory levels of proficiency in business functions vary widely. What one man can master in 12 months another may require 24 months or more.

Another approach to determining the experience and personal qualifications for each position in the organization required that those who were occupying or previously had occupied each administrative position fill in a specification form. This was an effort to get responsible executives to state what they regarded as qualifying experiences and personal capacities. For each position several forms were prepared, and from these a final, synthesized statement of qualifications was established for each position in the organization. One of the benefits of this approach was that executives who presently occupied or had occupied the positions knew from intimate experience the personal requirements of the jobs. Sometimes, of course, their statements of desired qualifications were overly modest or overly rigorous. If several executives reported on each position, however, it was possible to arrive at a median list of specifications which became the approved standard.

In a company where this approach to defining job specifications was used, the standard form included requirements under three main categories: special knowledge and experience, general management skills, and personal traits. For the position of traffic manager the following elements were stated as requirements:

A. Special Knowledge and Experience.
   1. Complete and thorough knowledge of all traffic and transportation by water, rail, truck, and air.
   2. Complete and thorough knowledge of Federal Transportation Acts.
B. Specialized Education or Training.
   1. College transportation courses highly desirable.
   2. Legal training desirable.
C. Experience (Important).
   1. Railroad operations — 1 or 2 years on any job from railroad brakeman to general yard master.
   2. Minimum of 5 years on rates, 2 years on claims, 1 year on motor trucks (general rates and all), and 1 year on passenger transportation.
D. General Management Skills Required.
   1. Planning — superior.
   2. Organizing — superior.
   3. Directing and Coordinating — superior.
   4. Developing men — outstanding.
E. Personal Traits.
   1. Thinking effectively — superior.
   2. Getting ideas across — superior.
   3. Drive — superior.
   4. Human Relations — outstanding.
   Comment — Needs to maintain good public relations in appearances before commissions, witnesses, etc.
F. Age at Time of Appointment.
   35 to 45 years.
G. General Level of Education.
   College.
H. Other Qualifications.
   Important responsibility involves working with attorneys in organizing rate case presentations.

In this same company the specifications for the position of warehouse operations supervisor were stated to be:

A. Special Knowledge and Experience.
   1. Needs to have complete and thorough knowledge of:
      Materials handling.
      All types and uses of equipment.
      Sources of supply.

Planning and installing integrated programs.
Procedures and methods work involved in above.
Preparing estimates or analyses of materials handling costs.

2. Desirable Knowledge.
General knowledge of structures, stresses — familiarity.
General knowledge of cost analysis — familiarity.
General knowledge of methods and procedures work—familiarity.

B. Education or Training.
1. Industrial engineering — desirable.
2. Will take good education with courses in mathematics and science.

C. Experience.
1. Four to five years of responsible materials handling experience.
Must have covered all phases, all kinds of typical problems, including planning and layout.
2. Plant experience especially desirable in addition to general warehousing.

D. General Management Skills Required.
1. Planning — fair.
2. Organizing — fair.
3. Directing and coordinating — superior.
4. Developing men — fair.

E. Personal Traits.
1. Thinking effectively — superior.
2. Getting ideas across — superior.
3. Drive — superior.
4. Human relations — superior.
Comment — All these must be high (staff function) plus balance and stability.

F. Age at Time of Appointment.
25 to 35 years.

G. General Level of Education.
College.

H. Other Qualifications.
None.

The process of spelling out in considerable detail the responsibilities of each job in an organization and defining the experience and personal factors required involves considerable

work and time. But in large companies this process is probably essential. With many jobs to be considered and with operating units, factories, subsidiaries, or sales branches spread out over a large part of the country, a set of job descriptions and personal specifications serves as a useful tool in making promotion selections, new employee selections, and arrangements for the planned development of able people. In smaller enterprises the need for written specifications is less urgent, but no less urgent is the need for the use of some kind of informal standards and specifications. In many small companies the president and the vice presidents have the opportunity to know intimately the qualities required for the various positions. The important task is to use this knowledge when personnel are promoted, hired, or reassigned for their own development.

Several large companies which have formalized their executive development programs started these programs without defining the job requirements. In some cases this policy was attributed to a belief that "we know pretty well what we want in the jobs," and in others the decision to do something about development resulted from a recognition that top management did not know where in the organization the able people were to be found. This situation was true in several companies where it became necessary to find replacements for key men who unexpectedly died or resigned. Not being able to find replacements in the organization immediately, the top executives were stimulated to find ways of determining the availability of potential management people. This necessity meant taking an inventory of people.

In this study it developed that typically this step, that is, making an inventory, followed the definition of job requirements. Unless there is some compelling reason for making the inventory first, such as noted above, it is believed that the better procedure is to define the job requirements as standards prior to the preparation of a personnel inventory. With specifications as standards it is much easier to appraise the capacities of people. The problems involved in making and maintaining an inventory record of people in the organization will be discussed in Chapter III.

CHAPTER III

Appraisal and Inventory

Almost every company maintains some sort of inventory record to keep track of its physical assets. With regard to human assets, however, relatively few companies keep any personnel record other than employment forms and payroll lists. In the case of physical assets the paper tool or, in other words, the inventory card, includes current status, additions, subtractions, and materials on order. In the case of people in the organization, on the other hand, their current status, strengths, weaknesses, and the steps which should be taken to improve them are left largely to the intangible records in the minds of key administrators. In small companies where intimate knowledge of all the people is possible, certainly no formal written record is necessary. In larger companies, however, the need for an administrative tool to record status and growth of personnel is real.

In some companies which have grown rapidly over the past decade there has been a considerable lag in adapting administrative devices which were unnecessary when the company was small and when the organization consisted of an intimate group of people, all of whom knew each other very well indeed. As these companies grew, executives tried in many cases to preserve the personal relationships with employees and resisted proposals to adopt basic personnel records required for larger operations. Recognition of the need for such records came slowly to some executives, and it usually came when they were required to find replacements for key people who were promoted or who had died or retired. The Wheeler Company is a good example of this situation.

The Wheeler Company was organized in the early 1930's by the merger of three small manufacturing companies. At this time the total number of employees, including hourly workers in the plant, was about 500 persons. The administrative group, made up of the employees of the merged

companies, totaled about 150, with the result that after a few years' work together the president and key officers knew everyone in the organization. When it became necessary to find replacements, the president discussed alternative possibilities with the vice president concerned, and both officers were able to make their selection decisions with personal knowledge of the man's experience and qualifications. In 1935 the board of directors approved a program of diversification. It involved entering new segments of a consumer market and required additional sales and production personnel, many of whom were hired from outside the company. During the next 14 years the company's sales, profits, and organization grew rapidly, and by 1949 about 6,000 people were employed.

It became apparent to some key executives that with operations extending over a large part of the United States, the old personal relationships were no longer possible. The controller, for example, was concerned because he did not know what young men were coming along in the organization to replace regional controllers, and he felt helpless in doing anything about their job training. Accordingly, he asked the chief traveling auditor to make notes on any outstanding accounting and statistical men in the various regions. Over a few years' time the controller learned more about his personnel assets, but the knowledge was based largely on the personal impressions of the traveling auditor and therefore was not consistent or complete.

In 1948 the president asked the eight regional managers to submit a list of people by function who were "able and ready for promotion to higher jobs." The list was prepared, and after studying the names reported, the president commented that he had little faith in the value of the list because he knew that some of the men who had been highly recommended for jobs of greater responsibility were, in his opinion, at their ceiling of promotion already. The president concluded also that, if weak men represented the best men known to be available, there was urgent need for surveying the whole organization on a systematic basis and then doing something about getting and developing men with ability. Early in 1949 he

asked one of the vice presidents to study inventory and development programs used in other companies and to recommend a program for the Wheeler Company.

Another point worthy of note here is that in companies organized on a decentralized basis, and without a personnel inventory system, it is sometimes difficult for the headquarters office to use most effectively the manpower assets of the entire company. Several situations were reported in which division, regional, and subsidiary managers placed first priority on their own operations and refused to recommend some of their able people for positions of greater responsibility elsewhere in the company. This limited perspective of the decentralized operations managers was found to be not unusual, but limiting able men to local opportunities was fair neither to the man nor to the company. Furthermore, a systematic and recurring appraisal procedure is no absolute assurance that the practice will be avoided. Yet in many companies where the appraisal results were discussed with the employees and then forwarded to the headquarters office, information on able men became available. This outcome was due partly to the requirement that appraisals be reduced to writing and partly to the required practice of discussing appraisals with the man appraised. Division managers who had been willing to hold back able men by not recommending them for promotion to positions outside the division were reluctant to grade down able men on written appraisals which were discussed with the men involved.

A thoroughgoing appraisal of the people in an organization provides the basis for doing a better job in making selections for promotion. Appraisals reduce to objective terms the experience and personal qualities of the men in the company, and when these are matched against the requirements of the position, it is possible to avoid some of the artificial personality factors which have been controlling in some situations. One president stated that formerly selections for promotion in his company had been made in very much the same way that some people pick horses as winners at the race track. If the horse's name has the same number of letters as the person making the selection, or if the horse is handsome and big, the

selector predicts that he will be a winner. Such criteria have little, if any, relationship to success in a race. So often pretty much the same kind of approach is made in the selection of men for higher administrative positions. This president added that the methods of selection presently used involved looking at the men and their records as reflected by the appraisals, and then betting that the man selected would succeed on the job.[1]

Another important objective of an appraisal of the people in the organization is to define specifically the individuals' weaknesses. When these are isolated, it is possible to formulate a program to strengthen or overcome them. Although in several cases the desire of managements to do something about development has resulted in a mass or group approach to the neglect of the requirements of the individuals, an affirmative approach to developing people in business organizations must be premised on the fact that growth is an individual matter. Providing for the growth and measuring progress can only be accomplished in terms of the individual. This statement does not mean, of course, that it is not possible to gear elements of a development program to a group of people who have more or less the same deficiencies. Development programs are discussed in Chapters V and VI, and it will only be noted here that people are complex, different, and dynamic, not static. Therefore, individual appraisals must be made and individual programs must be formulated to strengthen the weaknesses defined.

The determination of weaknesses through appraisals has sometimes disclosed personal deficiencies which, if not discovered early, might have resulted in damage to the company, to the invididuals, or to both. In one company, for example, a salesman was appraised by his immediate superior and by two other superiors who knew him in the work situation. The rating form included "character" as one of the several factors to be measured. The salesman's immediate superior and one other rater gave a very high rating on character.

[1] Chester I. Barnard in *The Nature of Leadership* (p. 23) quoted a statement by Mr. Theodore N. Vail, then president of the American Telephone and Telegraph Company. "You never can tell what a man will do by what he has done; but it is the best guide you have."

The third rater questioned whether the man was basically honest. When this doubt resulted in a further investigation of the salesman's previous experience and current conduct, it was discovered that he had worked out an embezzling scheme with one of the customers.

In another company an amusing but potentially tragic situation was averted by management's action resulting from a personnel appraisal. Again a salesman was involved, but in this case all three raters reported that the man was very weak on the responsibility factor. His ratings on other factors were uniformly high, but those who appraised him concluded that inasmuch as this salesman had at least one automobile accident a week, he could not be rated very high on responsibility. "A salesman who smashes up cars at that rate certainly must be careless and irresponsible." An investigation was made as the result of the appraisal record, and it was found that the salesman had very weak eyes and needed new glasses. He had no accidents after the newly prescribed glasses were used!

These two examples are, of course, less important than the benefits derived from spelling out personal administrative deficiencies and formulating a program to provide opportunities for growth and correction. Without appraisals there can be no real assurance that men in the organization are developing to achieve their maximum potential for their personal satisfaction and for the benefit of the company.

Another benefit of systematic personnel appraisals is that their mere existence constitutes an important incentive to the people in the organization. This is particularly true in large companies where the high degree of specialization creates a feeling among the people that their individual contributions are small and that they are lost and forgotten in a tremendous company effort. Many executives stated that the simple definition of a man's strengths and weaknesses, even without any further affirmative action to develop the man, has resulted in a stimulant to the man to improve himself. One executive said that the appraisal discussions constituted challenges to many men in the organization and that because of them the men lifted themselves out of the job rut they had been in for several years.

It is important to stress, however, that the appraisal procedure should be regarded as an effort to help the individuals. In some companies the appraisal program has not been useful because it has been administered in such a way as to be regarded by the employees as a threat to their security. In one company where such a result occurred, the executive vice president stated that the people in the organization did not understand that they were being measured for their own growth and benefit. The appraisal procedure must be administratively treated as an effort to help the organization's members realize their maximum potential. The dangers of misinterpretation are great.

Related to the furnishing of incentive is the use of appraisals to avoid overlooking and sometimes losing able men. Several executives recounted that in companies with which they had been associated previously no one other than their immediate superiors knew what they did or "manifested any awareness that we existed." There were many explanations as to why this situation was so, but these executives uniformly agreed that if an appraisal system had been in effect they would have had more faith in the possibilities of getting ahead in the organization.

Measurement of Executive Qualities

In order to determine the quality of human assets in any organization, some method of measurement is necessary. The problem is not simple because of the unique quality of people resulting from their different inherited capacities, intelligence, environments, and the other influences which shape individual persons during their lives. In addition to the complexity of the individual at any moment of time, the problem of measurement is further complicated by the dynamic character of people. As individuals grow older they change in many different ways so that what might be regarded as a fair approximation of a person at one time may be completely erroneous a year or two later. At that time he may be better suited or less suited for the position under consideration.

The variegated quantities of human qualities plus the changing nature of these qualities have complicated the research efforts of the social scientists. Certainly the physical sciences, where matter is relatively static, have progressed far beyond the social sciences. Efforts are currently under way to learn more about people and to close the gap between the social and physical sciences. In a very real sense our present state of knowledge does not permit scientific and absolute measurement of human qualities. To be sure, progress has been made, but during this study no evidence was found which suggested a solution for the accurate measurement of people. It is the purpose of this section to discuss some of the current methods employed by manufacturing companies in sizing up their personnel. Appraisals of people must be made by business managements continuously, and although they lack the benefit of a definitive answer, they fall into two broad categories, namely, appraisals by observation and appraisals by tests.

In the work situation appraisal is going on all the time. Impressions are made and conclusions are drawn which characterize a person as a person in an organization. Sometimes these conclusions are based on artificial and superficial evidence, and sometimes the most recent experience dominates the thinking of the appraised so that an action which may not be truly representative of the appraised becomes the determinant in his size-up. Appraisals are frequently made on skimpy and inadequate evidence, and if the purpose of the appraisal is to arrive at a reasonable approximation of a man as an administrator, certainly conclusions without foundations of facts are likely to be misleading.

The complexity of people involves not only the appraised person but also the appraiser. Many, if not most, of us have conscious or subconscious biases and prejudices that enter into our conclusions with regard to other people. It is for the purpose of minimizing some of these deficiencies that many companies have utilized the paper tool, an appraisal form. Reducing to objective terms the elements to be measured and supporting these conclusions with evidence does contribute to more accurate appraisals of people in business organizations.

Among the companies visited during this survey, there were about as many different types of forms for the appraisal of personnel as there were companies. Certainly there was little agreement as to what qualities were indicative of personal administrative capacities. In each case the form used represented the management's current belief as to the significant qualities to be measured, but it was interesting to learn that no executive believed the form in use to be the ultimate as an accurate measure of personal capacities.

In general, the appraisal forms included factors which served as criteria to measure job performance, intelligence, and personality. There was, however, a wide range of individual factors found to be included under these broad categories. In no sense was there a consistent pattern which could be summarized here as the median or typical list of appraisal form factors.

In those companies in which intelligence, experience, and personality specifications have been determined for each position, the appraisal form included those factors which were common to the various positions by function. For example, in the Blackmer Company the form contained these elements for the appraisal of all personnel in the sales department:

1. Constructive Ideas
   His own,
   From people under his supervision,
   Use of mind.

2. Executive Abilities
   People — selection, evaluation, and training of subordinates.
   Plans — vision, soundness of objectives, result of plans,
   Money — purposes for which spent, control of expenditures.

3. Operations
   Know-how of advertising, sales, budgets, product development,
   Operating results — his own and those of his group.

4. Personal qualifications
   Alertness of mind,
   Expression — written and oral,
   Perseverance,
   Drive,
   Interest,
   Intelligence,
   Judgment,
   Initiative.
5. Enlightened self-interest versus narrow selfishness.
6. Promotion potential
   Short range,
   Long range.

Other characteristics which affect potential.

These factors were determined by an analysis of the various job descriptions of the sales positions and therefore provide an objective list for the person to follow in making the appraisal. A detailed instruction sheet which elaborates on the meaning intended for each factor is provided each person making the appraisal.

In some companies simpler forms are used for lower-level positions in each function while more complete information is desired on the higher positions of administrative responsibility. In the Blackmer Company, however, the same form was used for all levels of management in the sales department.

In companies where the job requirements have not been defined in detail, the appraisal forms vary from an almost blank sheet of paper to a form which contains 190 questions to be answered on each man appraised. The company that uses the minimum of suggested elements explained that the purpose was to compel those charged with making the appraisal to think out for themselves what strengths and weaknesses characterized the person appraised. The executives believed that supplying lists of characteristics with varying degrees of proficiency resulted in mechanical appraisals which did not give a true picture of the man measured. By the requirement that each appraiser describe in his own terms the capacities of the appraised, they felt that it was possible to arrive at a better conclusion as to the man's abilities.

The form used was substantially as follows:

APPRAISAL
of

Name	Age	Date
Position	Location	

PERFORMANCE

Results (What has this individual accomplished in measurable results since his last appraisal? Be specific. Give facts and figures wherever possible.)

Methods (How does this person go about getting his job done? How does he work with and through people? Be specific.)

PERSONAL QUALIFICATIONS
(List only outstanding qualifications either above or below average)

General
Strongest single qualification
Most noticeable weakness

POTENTIAL

(What is the next step ahead for this individual, and does he have further potential beyond next step? If so, outline.)

In this company and in the Blackmer Company those making the appraisals are requested to support their conclusions with evidence. This is an important and useful requirement in that it tends to minimize the favorable impressions resulting from personality attractiveness alone. Frequently appraisals are made approving or disapproving men on casual grounds. It is to avoid this result that the form requires specific evidence supporting the conclusions reached. Also, inasmuch as the appraisal results have an important bearing on the future business careers of the people appraised, considerable care is taken to assure, so far as possible, fairness in the rating. Supporting evidence again contributes to this goal. The use of the personnel appraisals requires the taking of every precaution to present a valid measurement of the man appraised. In companies where evidence is required, the executives stated that without specific supporting data there can be no assurance that the form was prepared conscientiously and with due regard to the effects on individual careers.

In companies where the job specifications had not been defined, the appraisal forms included wide varieties of factors deemed by the managements to be useful criteria. In some cases the lists of factors were borrowed from other companies, at times they came from those in the same industry and sometimes from those in completely different industries. In one case the form used represented a composite of the elements found in the appraisal forms of about 20 other companies. In another, the factors were provided by two vice presidents of the company who were asked to describe "an executive."

In the formulation of an appraisal form there are several significant points to consider. Since the fundamental purposes of appraisals are to determine the capacities of men for promotion and for growth, and since there is no universal list of executive traits, it becomes necessary for each company to study the particular requirements of its various administrative positions. These will vary according to the business function involved and according to the level of position in the organization. But such a study makes it possible to determine what seem to be the important criteria for measurement.

After these have been tentatively defined, it is necessary to consider the number of factors to be used. It is possible to create a list of criteria which is so long that the physical job of appraising people in the organization is onerous and objectionable. The result is that appraisers refuse to give the thought and attention required for useful appraisals. In one company which used a 10-page form for each employee, the task of appraisal soon became a mechanical filling in of crosses with little effort to try to reflect the man's real capacities. An executive here explained that he was asked to prepare ten such forms, and he just did not have the time to do so much paper work. In this case the desire to get a lot of detailed information concerning each man defeated the purpose of appraisals.

In another company the president insisted that the first appraisal form used be short and simple. He knew that to many of the executives who would be asked to prepare appraisals of their subordinates, the experience would be new. He believed that, inasmuch as the value of the appraisals

depended entirely on the care and thought used in filling out the forms, it was essential that the initial list of factors should be simple and easily understood. He acknowledged that the appraisal form did not include all the desired criteria, but he thought that after the people in the company had had some experience in appraisals, it would then be possible to elaborate on the factors included.

Another aspect to be considered in preparing an appraisal form is the number of degrees of achievement to be used. In one company, for each of 35 factors, seven degrees of ability were possible. In another with a substantially equal list of factors, three degrees were provided. Here again it would seem desirable to use an appraisal framework which is as simple as possible. The executives of one company suggested that it was better to use four degrees of achievement rather than three or five because an even number precluded the human tendency to settle on the middle or average degree of ability.

In one company in which considerable management attention had been given to the creation of an executive development program over the last several years, the appraisal form contained 15 factors with five degrees of ability for each. The factors used were intended to reflect each man's character, fitness, intelligence, knowledge, ambition, leadership, and performance. The various descriptive words used to reflect these capacities were decided upon after a study was made of the company's operations and of other companies' approaches. As was noted earlier, different words mean different things to different people. Accordingly, the explanatory words and phrases added to the descriptive words of characteristics and degrees of characteristics were provided to help the appraisers understand the meanings intended. The same form was used for appraising administrators and potential administrators involved in work at all levels and in all functions. This appraisal form follows.

PERIODIC REVIEW OF PERSONNEL

Character

Definition: The possession of the principles of right and wrong — honesty, sincerity, loyalty, and ethics.

- ☐ Unethical. Lacks moral courage. Hypocritical.
- ☐ Often prejudiced. Not always sincere. Sometimes disparages.
- ☐ Fundamentally honest, sincere, and loyal, with good reputation. Generally applies rules of the game.
- ☐ Rarely shows partiality or prejudice. Thoroughly dependable, honest, sincere, and tolerant.
- ☐ Highly respected for fairness. Scrupulously honest and loyal. Has moral courage.

Health

Definition: The state of being hale or sound in body and mind.

- ☐ Poor health and nervous indisposition often interfere with work.
- ☐ Frequent absences due to sickness. Lacks vigor. Inclined to be jittery.
- ☐ Loses little time because of health. Has normal physical and mental vigor.
- ☐ Well and hearty. Possesses reserve energy, both physical and mental. Well adjusted.
- ☐ Health and vigor stimulating to others. Never tires. Almost always relaxed.

Emotional Stability

Definition: The ability to control emotional expression and behavior.

- ☐ Unreliable in crisis. Violent outbursts likely. Won't take criticism.
- ☐ Emotions and moodiness periodically handicap dealings. Personalizes issues. Lacks sense of humor.
- ☐ Usually retains even keel. Emotional outbursts infrequent. Appears to possess a sense of humor.
- ☐ Maintains good behavior balance in most situations. Has a good sense of humor.
- ☐ Self-possessed. Outstanding ability to adjust self to personalities and circumstances. Excellent sense of humor.

Analytical Ability

Definition: The ability to think through a problem, secure proper data, evaluate such data, and consider all direct and indirect factors.

- ☐ Slow and erratic in analysis. Hazy, confused thinking. Often unable to evaluate facts.

- ☐ Rarely analyzes conditions or behavior to determine causes. Tends to close mind. Definitely routine-minded.
- ☐ Deliberate in analysis of values and relationships. Displays good judgment. Capable of solving problems of project nature following general pattern.
- ☐ Picks out important facts and arrives at correct conclusions. Open-minded. Recognizes related factors.
- ☐ Analytical type mentality. Capable of solving original broad field problems with tempered theoretical and practical approach.

Vision

Definition: The ability to formulate new ideas, utilizing facts and past experiences, and to see future possibilities.

- ☐ Limited viewpoint. Shallow thinker. Fails to draw upon past experiences.
- ☐ Frequently biased by former opinions and circumstances. Sees only obvious possibilities.
- ☐ Judgment generally sound. Usually considers all implications and possibilities.
- ☐ Open-minded. Alert in seeking new facts. Quick to grasp situations. Good common sense.
- ☐ Keen searching mentality. Extremely resourceful in developing new ideas.

Knowledge of Function

Definition: The understanding of basic fundamentals, techniques, and procedures to his function.

- ☐ Lacks basic fundamentals. Has no appreciation of current developments.
- ☐ Understanding of techniques and procedures poor. Weak in knowledge of basic fundamentals and current events.
- ☐ Satisfactorily acquainted with his function. Scope of experience and training limited.
- ☐ Theoretical and practical knowledge of function above average. Well-informed on many major new developments.
- ☐ Thorough knowledge of basic fundamentals. Techniques and procedures fortified by experience. Outstanding grasp of future developments.

Ambition

Definition: The extent of desire and will for preferment, honor, superiority, power, and attainment.

- ☐ Sluggish. Has no aspirations. Willing to "just get along."
- ☐ Listless. Satisfied with present job status. Does not desire success enough to make the effort.
- ☐ Has some personal desires to succeed. Wants to improve his standard of living. Has average motivation.
- ☐ Continually seeking greater responsibilities. Eager to please. Enjoys competition. Working to qualify for next job ahead.
- ☐ Has a strong desire to acquire recognition and advancement, and acts toward these ends without sacrificing performance standards.

Job Performance

Definition: The application of related factors to job at hand and resultant productivity.

- ☐ Fails to apply himself to problem at hand. Work output and quality poor.
- ☐ Below standard application of know-how. Productivity poor. Clockwatcher.
- ☐ Applies himself favorably to most problems. Generally productive.
- ☐ Does a very satisfactory job. Has good work capacity and commendable attitude.
- ☐ Quality and quantity of work outstanding. Has large capacity and ability for original application.

Initiative

Definition: Energy or aptitude to originate or inaugurate action.

- ☐ Hesitant and evasive. Will not take action of his own free will.
- ☐ Frequently hesitates to act without confirmation. Requires frequent guidance. Not forceful.
- ☐ Generally exhibits strength of will and force in taking action in normal situations.
- ☐ Resourceful in handling most situations; self-starter; persistent and positive.
- ☐ Dynamic, independent, and original. Assumes active leadership and is generally "one step ahead."

Ability to Inspire and Influence Others

Definition: The faculty of inspiring others by conveying ideas and plans and influencing them to greater determination and unity of purpose.

- ☐ Lack of enthusiasm. A "lone wolf." Constant dissension within his sphere.
- ☐ Does not command respect or inspire confidence. Ineffectual expression. Employees feel they are working *for* him.
- ☐ Conventional in manner, spirit, and enthusiasm. Conveys ideas but does not motivate entire group.
- ☐ Stimulates others. Employees enjoy working *with* him. Has a "following."
- ☐ Expresses self effectively. Commands high respect. Knows how to criticize and when to praise. High inspirational qualities.

Cooperation

Definition: The ability to work harmoniously with others toward the accomplishment of common duties.

- ☐ Concedes nothing. Obstructive. Antagonistic.
- ☐ Poor mixer. Tries to run with the ball. Occasionally indulges in obstructive argument.
- ☐ Generally adapts self to persons and situations. Responsive to leadership and reasonably tactful.
- ☐ Willing and eager to please. Works in complete harmony with group. Adaptable and courteous.
- ☐ Adapts self very well without sacrificing standards. Goes "out of way" to promote common end.

Development of Personnel

Definition: The faculty of selecting right personnel to fit job requirements and to train subordinates.

- ☐ Poor judge of people and job requirements. Tries to do everything himself.
- ☐ Plays favorites and is prejudiced in judgments. Training ability poor. Overburdens self with detail.
- ☐ Has good appreciation of organizational values and attempts to improve through proper selection and delegation of authority. Trains satisfactorily.
- ☐ Appraises personnel rather accurately. Successful in apportioning work load. Builds efficient organization.

- ☐ Has keen ability to select and develop key subordinates. Delegates authority very effectively. Whole-heartedly interested in company and its personnel.

Decisiveness

Definition: The quality of determining a definite course of action and carrying out a decision.

- ☐ Slow, fussy, vacillating, and unreliable. Usually "on the fence." Lacks conviction.
- ☐ Slow in reaching decisions — without strength of conviction. Guided by others' thinking.
- ☐ Generally sound and accurate on problems having a normal pattern; otherwise hesitant and cautious.
- ☐ Usually decisive in difficult problems. Generally prompt in giving answers. Faces facts squarely with conviction.
- ☐ Entirely self-confident. Makes prompt decisions and backs them up.

Coordination

Definition: The ability to integrate component parts of an organization, such as men, materials, and processes, into a harmonious and effective working unit.

- ☐ Plans work poorly. Confused presentation of orders. Poor leader.
- ☐ Follows existing procedures. Limited in leadership qualities.
- ☐ Plans normal work satisfactorily. Needs guidance on major changes. Average leader.
- ☐ Needs little guidance in coordinating major efforts. Good application to objective.
- ☐ Recognizes broad objectives clearly. Plans work efficiently. Gets excellent teamwork.

Responsibility

Definition: The willingness to assume and discharge functions of management.

- ☐ Avoids responsibility. Needs constant supervision. A "buck passer."
- ☐ Reluctant to accept delegated responsibility. Follow-up often required. Requires fairly constant supervision.
- ☐ Generally accepts and discharges delegated responsibility willingly. Requires only general supervision.
- ☐ Willingly accepts obligations. Requires only minimum follow-up. Sticks with problem to satisfactory conclusion.

- [ ] Seeks additional responsibility and authority. Manages functions in an outstanding manner. Unruffled in the face of consequences.
There must be another characteristic which is peculiar to this employee. What is it?
Explain below, using example if necessary.

After the appraisal forms had been filled out and reviewed by an executive in the headquarters office, he determined a simple summary letter index for each man appraised. This he arrived at by giving a numerical weight to each of the five degrees of achievement, five points for the highest, four points for the next highest, and so on. The addition of the numerical ratings resulted in a total figure which was then translated to a letter grade. With a possible total of 75 points (15 factors x 5 points), an A man would have a total score of 68 to 75. A B+ man would have 63 to 68, and so on down through the scale. The purpose of arriving at a letter grade was to have a ready reference appraisal later when a selection from among many candidates was necessary.

In simplifying the appraisal of people through the use of letter or numerical grades, there are some real dangers which should be noted here. In some cases the letter grade may be grossly misleading when an executive makes a selection for promotion. This tendency is especially apparent in companies where one form is used for the appraisal of all employees. In another situation, for example, an assistant to a vice president of a subsidiary was given very high ratings on all factors except one included in the appraisal form. The low rating was the ability to get the cooperation of subordinates. Since all the 20 factors were weighted equally when the numerical score was calculated, a low rating on one factor did not reduce the total result appreciably. A numerical total of 92 gave this man one of the highest ratings in the organization. Yet because his major deficiency was in the area of getting things done through people, it would be a mistake to give the man a higher position of responsibility before his capacities to work through people had been developed. Such a mistake would be possible if executives in the parent company relied upon the numerical grade and did

not explore in detail the elements which made up the total score. It would seem desirable to consider the details of appraisal results in each case, and if this procedure is followed, little value is to be found in a numerical rating.

An executive of another company stated that his objection to a single numerical or letter rating for men was that, in his experience, those charged with making selection decisions begin to rely more and more on the simple ratings as quick and easy answers. They assume that the relative worth of a person is reflected by a relative score and neglect to consider the factors which go into a summary total. He concluded that even with the best intentions executives attributed values to single scores which were not valid.

Whom to Appraise

Manufacturing companies again varied considerably in their practices regarding the people in the organization for whom appraisals were to be made and the frequency of the appraisals. In one company all persons down through the first level of supervision, all salesmen, and any hourly workers believed to be outstanding were appraised periodically. In another company only key men and potential key men were appraised. In both cases the purposes of appraisal were related to the development of people for administrative positions. In the first company about 30% of all employees were appraised, whereas in the second company only about 10% were chosen for appraisal. In the company which evaluated 30% of all employees, the executives believed that appraisal constituted an important incentive to the company personnel. Also, experience had shown that people with administrative ability and potential frequently came up from the hourly worker ranks. And it was only by appraising a substantial number, in this case 30%, of all employees that the company could realize the desired results stated. In the company which limited executive appraisal to key men and potential key men, the executives responsible for the development program believed that this group constituted the real core of future management, and therefore appraisal and development should be concentrated on this relatively small

proportion of 10%. According to this company's policy on appraisal, if a man hired as a potential key man did not fulfill expectations on the job, his name was removed from the list of men to be appraised, and thereafter he was not considered for any higher position in the company. In most cases the men whose names had been deleted from the list did not know that they were no longer being appraised.

Perhaps the most desirable policy in the companies studied concerning the people who should be evaluated existed in a large manufacturing company in the Middle West. In this company the president stated that everyone employed would be given opportunities to progress as far as his individual capabilities permitted. Accordingly, every person in the organization was appraised annually, and the results of the appraisal were discussed with the person concerned by his or her immediate superior. It was noteworthy in this case that the purpose of the appraisal was emphasized to be the growth and development of the employees. The results of this policy, as expressed in an employee opinion poll, were that they thought of the company as a good place in which to work and get ahead. The company found, also, that several able administrators came up from the hourly wage group and, despite their lack of formal education, had the inherent intellectual capacities to grow and occupy positions of top responsibility in the company. Many companies today deprive themselves of the abilities of potentially able people by cutting off their appraisals at the level of first-line foremen. The possibilities of locating, developing, and utilizing the potential executive manpower presently engaged in hourly work at the lower levels in organizations need to be re-examined and considered. Several executives stated that union rules and the slowness of progression through the job hierarchy precluded any effective action in this area. It was found, however, that in some companies in the same industry, with the same union and with the same system of job progression, capable men with administrative potential were found and given opportunities to develop into executive positions.

With regard to the frequency of appraisals, the general practice was to make complete evaluations of administrators

and potential administrators once a year. This was regarded as a sufficient period of time within which men might manifest growth or change. A refinement was found in a few companies which appraised men six months after they took a new position. It was believed that although annual reviews were sufficient for men in the same positions, a six-month review of men in new jobs made suggestions or corrective action possible if the men were having trouble in their new positions.

Appraisal by Whom?

The approaches used to size up executives and potential executives varied in the companies studied but were similar in general. In some companies the appraisal forms were prepared by the man's immediate superior, in others by the immediate superior together with two others from the superior's level of management who knew the man being appraised, and in still other companies by the immediate superior and two others from the superior's management level, one of whom did not know the man appraised. The requirement that superiors rate their subordinates contributes to a valid evaluation of the men because there is no one in the organization who knows better how the men appraised have actually performed on the job. The superior who works with a man over a period of time and under a variety of circumstances is in a position to observe and, therefore, judge realistically what the subordinate's capacities are. He learns whether the man can handle details, how he gets along with people, how he delegates work, and whether he is able to carry a job through to completion. The superior's conclusions can be based on first-hand intimate knowledge resulting from the experiences of day-to-day working relationships.

In some companies the executives responsible for the inauguration and administration of personnel development programs concluded that there were real dangers in limiting appraisals to a man's superior. Some superiors have conscious or unconscious biases and prejudices which preclude their sizing up subordinates fairly. Other executives may be reluctant to call attention to qualified subordinates for fear of limiting their own advancement. Still others may resist the

growth and promotion of able younger men because they are afraid these men will become their bosses.

Evaluations by people are inherently subject to these human characteristics, but some companies try to avoid the injustices which may result from a single evaluation by having a group of from two to five members of the organization appraise a man. The job of selecting and training the evaluators involves considerable work, but in the companies where this approach is used the results are believed to be worth the time and effort required.

In one situation three members of management separately appraised a man and submitted their forms to the company's director of executive development, who used the three forms to prepare a single synthesized evaluation. In another company a group of three appraisers appointed to evaluate a man met as a committee for the preparation of one appraisal form. Each of these two approaches has its strengths and weaknesses.

The first method, in which separate appraisals are submitted by each of three appraisers appointed for each man, involves considerable processing of the forms and depends to a large extent upon the skills and judgment of the person who prepares the summary or synthesized form. In a large eastern company, the Rex Corporation, in which this method was used, the coordinator for executive development stated that usually the three appraisals of each man fell into a pattern, and it was relatively easy to prepare a single summary appraisal. In those cases where there were wide variations in the ratings reported, the coordinator discussed the variations with the three appraisers, determined the basis for the differences of opinion, and then prepared a single appraisal acceptable to the three appraisers.

In the second method, where the appraisers meet as a group, there is the danger that the most powerful, influential, or conscientious member will dominate the appraisal results. Its strength, as explained by a vice president of a large manufacturing company in which this committee approach was used, lies in the fact that, since the group of three must unanimously agree on the results reported in the appraisal form, it is possible to get a balanced and valid appraisal of

each man. Superficial impressions and opinions of one member are checked by the other two members. The vice president added that it was desirable to have one member on the committee who did not know the man appraised. This member's major function consisted in serving as an unbiased participant to assure objective rather than superficial rating.

According to another practice which contributed to objective evaluations of personnel, appraisers were forbidden to retain copies of appraisals to use in preparing an appraisal on the same man a year later. Also appraisal forms prepared by other supervisors during previous years were not available for use in making a current appraisal. The purpose of this practice was to avoid the influence of a prior size-up in the evaluation of the present capacities of the man.

A danger of appraisals, of course, is that a man may be tagged with a descriptive phrase which may stick to him years after it is no longer appropriate. If old appraisal forms become available to those charged with today's evaluations, a current validity may be given to a weakness which long since has been corrected. A vice president of a middle western company stated that ten years ago when supervisors had access to the appraisal files of their subordinates, a department head noted that his predecessor stated as a weakness of a man still in the department an unwillingness to assume responsibility. In his evaluation of the man the department head made the same observation without acknowledging any progress. The vice president said he knew the situation very well, that the man charged with the deficiency was extremely able, and the department head's comment was "just plain wrong." Fortunately in this case there was an executive who knew the facts, and therefore damage to the incorrectly described man was avoided. Shortly after this experience, the vice president added, the company adopted the policy of regarding all annual appraisal forms as secret documents, and those charged with the responsibility of appraising their subordinates were urged to look at their men currently and objectively.

The dynamic and changing characteristics of people necessitate taking a fresh point of view at each appraisal time,

and asking superiors to appraise their subordinates without reference to earlier evaluations is another way of trying to achieve value-giving objectivity.

Some Problems of Appraisal

Because there is no standard or uniform executive position and because there is no formula of quantities of desired executive qualities, the task of appraising administrative personnel must depend upon the judgment and opinions of people in the organization. The appraisal forms and techniques discussed above represent the practices of many companies, the executives of which hold no brief as to their absolute validity. They do contend, however, that a standardized approach on a systematic basis is better than random methods which may vary by business function and by divisions, branches, or sections within the functions.

It was observed in the course of this study that one of the major problems of appraisal is getting the raters to evaluate their men realistically and objectively. It was noticed, for example, that company sales managers and division sales managers had real difficulty in exercising discriminatory judgment in appraising some of their key men. In one company the sales manager described a subsidiary sales manager as "tops — ready to take over my job at any time." Further discussion disclosed that the subsidiary manager had had no experience or ability in advertising, which was a major responsibility of the company sales manager. This inability to appraise subordinates on a basis other than "100% complete indorsement" defeats the main purposes of the appraisal.

In another large middle western manufacturing company there were eight regional sales divisions throughout the United States, each managed by a vice president. Sales operations were largely decentralized in the divisions, which maintained warehouse inventories, billed customers, kept books of accounts, and in general operated as independent subsidiaries. In 1948 the company started a company-wide program for the development of personnel by requiring appraisals of all employees on a standard form. The executive coordinator appointed by the president called at each division to explain

the procedures and to leave necessary forms and instructions. After the evaluations were completed and submitted to the headquarters office, the coordinator studied the results and found that in the Atlantic Division no men were appraised as more than "average." Investigation disclosed that the division manager kept all appraisals on his employees at a low level because he thought that if he made better appraisals he would lose his good men to other divisions.

In these two situations there was no real understanding by those responsible for the appraisals of the purposes of employee evaluation. This problem of getting understanding and acceptance by those who make the appraisals is not easy to solve, nor is it likely to be solved quickly. In both cases the executive coordinators from the headquarters office later spent considerable time with the people concerned to help them appreciate the value of a personnel inventory.

Several companies reported that after a few years' experience with personnel appraisals, it was possible to study the results and determine which men rated their subordinates consistently high or low. From this information it was possible to rate the raters. If it was found, for example, that a subsidiary plant manager as a matter of practice always appraised his subordinates at or near the top of the rating scale, this fact was taken into account in any headquarters decisions that were based on the appraised results. In one company in which the raters were rated, the validity of a supervisor's ratings were included as an element in his own qualifications for positions of greater responsibility. The president of this company stated that he regarded the ability to size up subordinates as an important executive capacity and that the rating record of supervisors in the company was good evidence on this factor. He added that if a man is inclined to follow his prejudices in his appraisals of subordinates, this tendency gives a real clue as to whether the man is administratively fair in his day-to-day relationships with subordinates.

In a medium-size eastern manufacturing company a vice president, who supervised the company's development program, stated that after three years' experience with appraisals he believed the company's major problem in personnel evalua-

tions arose from the fact that some raters noticed only those weaknesses in subordinates which the raters themselves had; that is, in those cases where raters regarded a subordinate's inability to get along with the people in the organization as a serious weakness, this weakness was present also in the rater. The vice president stated further that recognition of this tendency made it possible for him to discount the appraisals of certain raters and to depend upon the conclusions of other appraisers of the same men.

Another vice president, responsible for the development program in his company, reported that according to his experience a few thoughtful raters found it difficult to define weaknesses of their subordinates because they were so acutely aware of their own shortcomings. When discussing subordinates, such raters tended to rationalize the subordinate's weaknesses with plausible excuses, without any real recognition that one of the purposes of the appraisals was to help the subordinates grow. Here again the solution lay in the area of explaining the importance of valid appraisals, with emphasis on the growth and development objectives.

Another problem involved in the appraisal of people arose in a southern subsidiary of a large western manufacturing company. The parent company sponsored an organization-wide development program on a uniform basis, and established a headquarters office to assist the various operating companies to inaugurate the system. Appraisal forms were prepared for all personnel from the foreman level up, and sent to the home office for review. Later a representative of the headquarters executive development office visited the southern subsidiary in an effort to find out why virtually all the people in that organization were rated as "very strong" with no significant weaknesses. As the discussion between the division manager and the home office representative progressed, it became clear that the manager rated his personnel as all extremely able because he thought it would be a reflection on him as a manager if any acknowledgment of personnel weaknesses was shown. Again, this is a practical problem in administering a program in a large company and emphasizes further the importance of getting across to all

personnel that the appraisal forms and the whole development program are not a threat against their security but an assistance in their growth and greater job security. This problem of establishing understanding throughout the organization was encountered again and again during the study. Companies embarking on a program must expect that it will take time to educate the personnel in the organization on the purposes of the program.

In departments of some companies a tendency was observed to rate a man as a man without regard to his working relationships. In these cases the rater conceived the appraisal factors very narrowly and viewed the subordinates as separate units of physical specimens rather than as people having relationships with their boss, their collateral equals, and their own subordinates. The appraisal of executives as people without cognizance of their working relationships is unreal and misses the point.

The misleading conclusions which result from this approach were simply illustrated in a western company. The vice president in charge of sales and the president appraised the sales department heads, and both concluded that one of the department heads was "very weak" in talking with customers. When important customers visited the office, the department head stood by as the sales vice president handled the discussion. Neither the president of the company nor the vice president realized that the reason the department head did not participate in the discussions with customers was that the sales vice president would not let him. Whenever sales prospects came to the plant, the vice president always felt impelled to take over, with the result that the department head had no alternative except to stand by as an observer. Recognition of this factor in appraising people adds to the complexity of rating human abilities and capacities. Disregard of it, however, is likely to produce results which do not provide a useful basis for a development program.

In one company in which a detailed program for the growth of its people had been worked out over a period of 15 years, a problem involving appraisals and salary administration arose. Here the requirements of each position in the

organization were spelled out, and the appraisal forms followed the pattern of the specifications found in the job requirements. In addition, each position was classified in terms of responsibilities and a numerical figure was assigned to it. A salary schedule was prepared, and for each numerical figure job a range was provided. For example, for a 9B job, the annual salary was from $3,800 to $4,700. It was thus possible to determine the salary range for every position in the organization. In this company appraisals were made of all employees annually. Without any statement of policy to the contrary by top management, executives responsible for accomplishing the appraisals in their departments assumed that since the appraisals were made annually, changes in salary should be made annually, typically after the ratings had been completed and reviewed. No such implicit policy was intended by the members of top management, for they had established salary ranges for each position in order to provide flexibility to key executives to make salary changes in their discretion as deserved. The results of the presumed policy became apparent when literally hundreds of raises in pay were given after the appraisal forms had been submitted. Shortly thereafter a policy letter was issued which stated clearly that salary administration and executive development were related but independent aspects of the company's operations. Raises in salary should be related to job performance, but it was not necessary to delay deserved salary increases until the growth in abilities was formally defined in appraisal form.

In some of the companies studied those responsible for the administration of company development programs have had difficulty in getting the appraisal forms prepared and submitted by the designated raters. This delay has been partly due to the fact that the raters, not fully understanding the purposes of appraisals, have placed a low priority on the completion of the forms. There were other what seemed to be more important day-to-day operating jobs to be done, and the appraisal forms rested in a "to-be-done-later" file. In some cases prodding by the executive development coordinator resulted in completion of the ratings, but frequently the

appraisals were dashed off without careful thought as to their validity and with no regard to the implications.

Here, again, the solution to this difficulty depends upon the extent to which the objectives and methods of an approach to executive development have been explained to and accepted by the people in the organization. Unless the responsible administrators in the company believe in what is done for the growth of people, it is unlikely that appraisal forms or any other elements of an approach will be effective. More than anyone else, the chief operating executive must believe in and support the program. His statements, attitudes, and actions determine the degree of acceptance by subordinates. If the president does support the program sincerely, others in the organization usually will follow his example. But if the president manifests a half-hearted interest, anyone designated to administer the program is likely to encounter indifference, and even the most thoroughly thought-out approach will fail.

The importance of support on the part of the chief operating executive is stressed because it was found that without such support considerable time and effort can be wasted in trying to do something for the growth of personnel. In one company, for instance, the president appointed a committee of three officers to study the problem and to suggest an organized proposal on development. These men made a survey of the methods used in other companies and suggested a complete program which was later adopted by the president. One officer was designated as director for personnel development, and he initiated action to create an inventory of people. Appraisal forms were reproduced and distributed to those asked to rate their subordinates. The development director soon found that the president was one of the least interested appraisers and that he passed off the job as not important. His attitude was reflected in conversations with other officers in the company, and very shortly most of the responsible executives treated appraisals as "a waste of an administrator's time." As a result, the director of personnel development was soon relieved from what turned out to be a frustrating function and returned to his former work.

The problem of the development of personnel cannot be solved by the creation of a new staff section. It requires the interest and attention of all responsible administrators in the organization, and the most important of these is the company's chief operating executive. His support is essential because he establishes the tone of acceptance by the organization. Without the president's conviction of the value of efforts for the growth of people and without operating practices which affirm his belief, any approach to a uniform company program is sure to fall of its own administrative work weight. If the program is not useful, busy administrators very quickly shift their efforts to other tasks.

Another problem involving appraisals which was found in a few companies concerned the secrecy of the appraisal forms after completion. In every company visited the policy was to send the completed forms to a special office created for executive development or to a section of the personnel department where the appraisal files on each person were among the most secret papers in the company. Provision was usually made for superiors to use the appraisal forms concerning their subordinates for personal discussions with the individual subordinates, but in no case was it intended that the files should be available to executives who were curious about their associates' ratings.

Although the policy regarding secrecy was made clear in all the companies studied, in a few instances it was found that administrators were careless in handling the appraisal forms of their subordinates and in discussing rating results with co-workers of the man appraised. Also, indiscreet comments by persons in the executive development office sometimes got back to the people affected. Since the validity of appraisals depends on the expressions of judgment by those who prepare the ratings, it is extremely important that the confidential nature of this information be observed. If raters are absolutely assured that their reported conclusions on subordinates will not be taken lightly or bandied about in casual conversations, it is possible to get full appraisals reflecting the rater's real conclusions. Violation of this assurance was found to result in favorable appraisals only, which are not useful.

Another important reason for maintaining the confidential nature of appraisals is that an individual's growth and development are in a very real sense personal matters between him and his immediate superior. To have his status and progress a topic of conversation by co-workers jeopardizes his incentive. Precautions must be established early in the initiation of a development program to restrict the availability of appraisals to those who are in positions to use the results for constructive purposes. Statements of policy must be followed by continuous efforts by responsible administrators to see that the policy is observed. The damage to individual incentive upon learning "so that is what the boss really thinks of me" is almost irreparable. Such occurrences contribute to an undermining of the whole development program in a company.

Replacement Tables

In addition to the use of appraisal results as a basis for taking affirmative action for the growth and development of company personnel (discussed later in Chapters V, VI, and VII) appraisal forms can be used by management in the preparation of a replacement table. This table consists of designating on paper the replacements for each administrative position in the organization. Sometimes the table includes with each replacement name shown a letter or numerical grade which indicates the present qualification to occupy the position for which the man is named as a replacement.

The accompanying replacement table was included for illustration in the "Manual of the Executive Development Program" used in a large eastern company.

The preparation of a replacement table serves a useful purpose, especially in a large company, in that as an administrative tool it defines the present condition of the organization and focuses attention on those areas in which replacements are weak. There are, however, some factors to take into account in the use of such a table.

Persons designated as replacements for others in the organization as a matter of policy should not be told that they are replacements for any particular position. The executives of several companies stressed the importance of following this

Replacement Table, July 1947

Job No.	*Job Title*	*Job Incumbent*	*Age*	*Co. Serv.*	*Rating*	*Replacement No. 1*	*Job No.*	*Age*	*Co. Serv.*	*Rating*	*Replacement No. 2*	*Job No.*	*Age*	*Co. Serv.*	*Rating*
1.	Manager	J. H. Drake	47	30	...	(a)	...	...	...	...	(a)	...	...	...	...
2.	Asst. to Manager	(b)	...	...	...	C. B. Hasley	Balt	36	10	B	V. L. Thomas	11	34	5	C
3.	Office Manager	R. N. Jones	50	24	C+	D. L. Bartlett	By.	45	13	C	J. J. Hotchkiss	...	32	5	C
4.	Accounting – Manager	J. S. Smith	42	12	A	S. R. Finch	NYO	37	5	B	T. S. MacBeth	10	35	12	C
5.	Emp. Rel. – Manager	S. T. Kern	39	20	B	W. B. Merle	Be.	39	7	B–	(c)	...	...	...	...
6.	Technical – Manager	C. B. Swain	41	20	B+	R. W. Trill	BR	36	9	B	S. S. Haller	SOD	24	1	C
7.	Process – Manager	R. S. Black	57	19	C	P. L. Wagner	...	45	15	B	K. L. Yost	CBO	36	6	B
8.	Mechanical – Manager	T. L. Davidson	63	40	D	K. C. Hartley	...	43	12	B–	J. S. Hunt	...	34	5	B
9.	Medical – Manager	C. D. Moody	50	17	C+	R. R. Carlson	NYO	36	12	B–	D. L. Samson	...	37	8	B–
10.	Accounting – Asst. Mgr.	T. S. MacBeth	35	12	B+	J. L. Kingston	Balt	35	10	B–	E. G. Cox	...	30	3	C+
11.	Technical – Asst. Mgr.	V. L. Thomas	34	5	A	T. C. Johnson	...	34	11	B	S. S. Haller	SOD	24	1	C
12.	Tech. – Asst. to Mgr.	(b)	...	...	...	S. S. Haller	SOD	24	1	C+	R. E. King J. J. Blank	... ...	23 22	2 1	C C

(a) To be selected by the General Committee.
(b) Expected to be filled 9/1/47 by indicated 1st Replacement.
(c) In view of ages of incumbent and replacement, replacement situation is satisfactory. Expect to stipulate 2nd replacement in next report.

principle and provided situations which illustrated the validity of the general conclusion. One situation, for example, was suggested by the controller of a large southern company. The controller indicated to a division head in the controller's office that within a few months he would replace a regional controller out in the field. Several months passed, and the regional controller who was slated for replacement did some work which demonstrated his ability to keep the job. Accordingly, it was not practicable or desirable to replace him. The man who was scheduled to be promoted to the regional controller's position grew more and more restless as his promised assignment was not announced, and within the year resigned to work for another company. This type of situation and others make it dangerous to earmark a man and tell him that he is to replace someone at a higher level. So many things can happen to require a change in replacement plans that a replacement schedule or plan should not be divulged to those affected.

As a second and related factor, the replacement plan should be flexible and subject to change as frequently as necessary. In a company which operated through several subsidiary organizations, the executive development committee prescribed the preparation of replacement tables for each subsidiary and stated that after the separate tables had been prepared and approved by the headquarters office, changes could be made only with the express approval of the executive committee. The committee also provided that the subsidiary manager could submit a revised table for approval only every six months. In this company the table was regarded as an automatic promotion schedule, and if a subsidiary manager wished to deviate from it, he would have to get an exception approved at the home office. Theoretically, there was value in trying to maintain some stability in the replacement tables, but it soon became apparent that the subsidiary managers, as a matter of practice, violated the policy by making promotions at the lower and middle levels of the organization without headquarters' approval. They pointed out that the number of changes in job assignment and the varying degrees of development of people at these two levels made it imprac-

ticable to get home office approval on every deviation from the replacement schedule. Some flexibility was necessary to provide for these changes which occurred frequently and which directly affected the desirability of following a replacement schedule prepared months earlier. As a tentative outline of a replacement plan, a schedule serves a useful purpose, but it cannot be regarded as a rigid and automatic promotion document.

Executive Personnel Files

In the companies studied in which appraisal forms were used, a confidential file was maintained for each person. This usually contained appraisals for previous years and some sort of qualification record which summarized the appraisal results and listed other pertinent data relating to the individual, such as personal history (age, weight, marital status, etc.), education, business experience (with present and other companies), special schools or training courses attended while employed, and a summary statement with regard to the employee's potential growth. In some companies the qualification record was a cumulative record, and in others a new and complete record was prepared after each annual appraisal. In one company the personal file for each person served as a collection point for evidence which bore on the man's capacities on the job. For example, if he prepared a report, a copy of the report, together with comments by his superior, was sent to his file.

The purpose of executive personnel files, as explained by several executives, was to establish permanent historical records for each person so as to avoid dependence on the memories of superiors and to serve as a reference file when special development programs were being formulated or when men were being considered for promotion. The formal records were found to be useful in medium-size and large companies where the numbers of people concerned were considerable. In small companies where from 5 to 25 administrators were involved, personal files were not commonly used because of the intimate knowledge and relationships

which existed among the personnel. If executive personnel files were used, the information was regarded as secret and available only to those whose responsibilities included their appropriate use.

Knowledge of the abilities and capacities of the human assets in a business organization is prerequisite not only to the effective utilization of these assets today but also to the formulation of plans and programs for the development of people for future management positions. Many executives reported that they "just did not know whether able people were to be found in the middle and lower levels of management" in their companies. It was observed that the techniques and methods presently available and used for the measurement of administrative abilities in people are not precise and absolute. The executives of several companies, however, reported that an objective appraisal of a man's performance on the job provides the best clues and guides as to what his abilities and capacities are. Systematic and periodic appraisals by superiors of subordinates' job performance constitute the most effective method found for the measurement of the human assets in business organizations. In the preparation of personnel appraisal forms, the utmost care must be exercised to assure fair, valid, and useful results. Slipshod and casual filling out of appraisal forms is potentially more dangerous than no appraisal system because of the possibly irreparable damage to the careers of men and because of the faulty management decisions resulting from misleading basic information.

In some companies psychological and other tests are used for the measurement of administrative capacities. These will be discussed briefly in Chapter IV.

CHAPTER IV

Psychological Tests

Discussions with executives early in this study of manufacturing companies indicated that there was a general lack of understanding as to the value and place of psychological tests in the appraisal of personal abilities and traits. Some executives thought of psychological tests as basic and essential elements of a personnel development program. One, for example, stated that his company wanted to start a program, but he was not sure how people in the organization would react to tests of their abilities. With a real possibility that existing employees would resist a testing procedure, it was impossible to start a development program. Another said that he had no faith in tests, and since the tests were necessary to define strengths and weaknesses, he was precluded from taking any affirmative action for the development of people. Another executive, asked by the president to study executive development programs of other companies as the first step toward initiating one for their organization, devoted most of his investigation to the details of psychological tests. His study of the validity of tests left many unanswered questions, and the company remains without any planned program because of his confusion as to the place of tests.

The result of these and other conversations on the subject of tests was that considerable attention was given to the testing practices of companies in which more or less active executive development programs were in effect. Since the writer is not a psychologist, no effort was made to appraise the technical aspects of individual tests or to evaluate the merits of one psychologist's test as against another's. Efforts were made, however, to determine and appraise critically the experiences reported by executives who have used tests. The results reported here as findings represent the experiences of about 35 manufacturing companies. It is believed that these companies constitute a sufficiently representative sample to pro-

vide guides for other business executives who are concerned with the problems of executive development.

Perhaps the most important conclusion on tests is that no test or group of tests was found which could be used by every company to measure accurately executive traits. Some commercially minded psychologists, pseudo-psychologists, and others have made extravagant claims with regard to the universal applicability of their testing procedures, but no substantial evidence was found which supported the claims. It is unfortunate that a few have engaged in practices bordering on charlatanism, first, because some companies have wasted money and effort by accepting the glib representations, and, secondly, because considerable damage has been done to the responsible and reputable psychologists whose scientific approaches hold real promise in this important field of study.

In some companies standard commercial testing procedures were regularly used. In one middle western company, for example, substantially the same tests have been used during the last ten years. Initially all employees were given the tests, and thereafter satisfactory test results were required as a prerequisite to employment of new personnel. A vice president stated that the tests took all the guesswork out of personnel appraisals. If the results indicated that a man would be a good administrator, he would be; and if the results indicated that he would not do well in an administrative position, he certainly would not be successful. "Sometimes," he added, "a man selected may not work out on the job, but that is no fault of the tests."

It was noteworthy that in this company no studies were ever made to determine the validity of the tests. In addition to the number of recommended men who "did not work out on the job," it was not known how many good men were denied employment because they did not meet the standards of the tests.

The importance of validating the results of a test program was illustrated by the experience of an eastern manufacturing company. This company, which presently employs about 1,000 people, has grown continuously during the past 15

years. In 1935 the president established a requirement that all prospective employees, other than hourly workers in the plant, should be tested by a psychological service operating in a near-by city. At first no person was hired who was not recommended by the psychological service, but later executives who interviewed applicants made exceptions to this stated policy. In the sales department, for example, the vice president in charge of sales depended exclusively on interviews for the employment of new salesmen and disregarded completely the results of the psychological tests.

Early in 1949 a young psychologist was added to the staff of the personnel department, and as a starting step he made an investigation of the testing program. He asked the department heads to describe each of their employees as "successful," "average," or "unsuccessful." With this information he related the appraisal of each employee to the psychological test results reported and with the recommendations of the psychological service as to employment. He found that there was no correlation at all; that is, there were as many men who were not recommended for employment who were successful on the job as there were men recommended for employment who turned out to be unsuccessful on the job. Since the tests did not serve a useful purpose in the appraisal of personnel in this company, the use of the service was terminated.

Several other similar experiences were reported by the executives of other companies. These suggest that executives presently using standard psychological tests might profitably examine carefully the validity of the tests in terms of their results. Admittedly, the use of a simple administrative tool such as psychological tests provides a beguiling and easy substitute for judgment. One psychologist suggested that some executives depend on tests completely for the reason that, if the man selected does not work out, the tests and not the executives are held accountable. It is believed that thoroughgoing examinations of results in the light of test results are desirable in those companies in which standard tests are now used.

For those executives who were contemplating the use of standard psychological tests, one psychologist suggested that,

before making any commitment to such a service, it would be desirable to make an investigation to determine the experience of other companies that have used the service. Included should be companies that once used the service as well as companies continuing to utilize tests for their appraisals. In each case efforts should be made to determine whether validation studies have been made and with what results.

The conclusion that no standard test or tests were found which accurately measure people as executives does not mean, of course, that there is no contribution to be made by psychologists in the appraisal of personnel. The foregoing cases were discussed to emphasize that packaged tests intended for wide commercial use in many situations do not provide appraisal answers which can validly serve as substitutes for executive judgment. Many executives and psychologists pointed out that some standard tests can be used. The results, however, should be treated not as conclusive answers but as information which merely adds facts to be taken into account in the exercise of administrative judgment.

Based on discussions during the study, the opinion was reached that five main categories of tests seem to be used. These will be listed and commented upon briefly.

1. *Intelligence Tests*

Tests to measure intelligence were developed rapidly during and after World War I. Originally created to appraise intellectual aptitudes for success in school work, they have been used extensively in business situations. While it is probably true that a superior intelligence is required for some administrative positions, there exist no useful criteria today as to the level of intelligence required for administrative success at any specific level of business organizations. Some companies have defined intelligence standards for their individual organizations, but it is extremely doubtful if these results have application beyond the company for which the studies were made, except on a broad and general basis.

In some companies intelligence tests are given to existing personnel and applicants for jobs, not for the definition of how far in the organization a particular man can go, but only for

the elimination or reassignment of persons with very inferior intellectual capacities. Other companies depend upon observations by superiors for the appraisal of intelligence.

Possession of a college degree is no assurance that a man is intelligent or above the minimum intelligence level desired. In one company a man with a degree of Bachelor of Science from a well-known university was employed as an engineer. Shortly after this man began to work, his supervisor found him to be intellectually weak and then investigated his college record. There it developed that the man had been in continuous residence at the university for ten years in order to complete a four-year engineering program and that he had taken some courses as many as six times before getting a passing grade. This rather dramatic example is hardly a typical situation, and no particular importance should be given to it as such. Many less extreme examples, however, establish the value of suggesting caution against accepting certificates or statements of educational achievement as conclusive evidence of intellectual capacity.

2. *Proficiency Tests*

These tests are used mainly for the measurement of learned skills such as typing, spelling, accounting, and so on. Such tests may be useful in the appraisal of persons who work at the organization level of technicians or technical specialists, but so far there is no conclusive evidence that this type of test is effective in measuring the factors involved in executive abilities.

3. *Aptitude Tests*

These tests are used largely for the measurement of special aptitudes such as those required in welding, assembling of small electrical parts, flying an airplane, engineering, or medicine. Again, these tests may be useful in selecting individuals for certain professional jobs or specialties, but they are not applicable to administrative positions in general.

4. *Vocational Interest Tests*

For the present these tests are believed to be of dubious value for the appraisal of people for administrative positions.

Most vocational interest tests have been developed with the hypothesis that men who enjoy taking part in the same sort of activities (anything from "weeding a garden" or "repairing a clock" to "watching a hockey game," "rock climbing," and "constructing tables and charts," to illustrate commonly included types of activities) as do men who have been successful in a particular type of work will also be successful in the same kind of work. This hypothesis has a certain common-sense appeal in that it is true in the experience of most men that they perform more effectively in those activities they enjoy greatly than they do in activities that they dislike. The hypothesis also receives a sort of back-handed support in the fact that groups of men in different occupations *as groups* do tend to have different patterns of interests on these tests.

One difficulty with the hypothesis above is that observed differences on the tests may in fact be the result of the job experience itself and not a necessary prerequisite for success on the job. That is, they may be results and not causes of success. Furthermore, few attempts have been made to compare the scores on such tests made by executives and administrators with the scores of subordinates in the same types of work. Much more study needs to be done before there can be any effective identification of executive talent by scores on an interest test or inventory.

The shortcomings of this type of test are summarized by Dr. Lewis B. Ward in commenting on the "Strong Vocational Interest Inventory":

> There is real question, too, whether it is desirable personnel policy that all of those selected for particular jobs be cast in the same mold, so to speak. In most situations, except for traits and abilities demonstrably related to success or failure, differences in background, interests, and abilities among employees should probably be sought rather than avoided. Also, as a practical matter, few companies can afford to limit themselves in their selection to too small a fraction of those applying for jobs.
>
> What has been said should in no sense be interpreted as implying that it is of no value for an employer to study

the interests, abilities, and traits of individuals who are successful in the jobs which he is interested in filling. The point is, rather, that having determined as far as possible what the traits and abilities of those who are successful on the job are, it is necessary to go further and determine *which* of these qualities, either singly or in combination, actually play a part in determining job success.[1]

5. *Personality Tests*

During the past several years considerable attention has been given to the personality factors required in executive positions. As was discussed earlier, investigation of the quantitative and qualitative factors involved in administrative positions is complicated by the absence of any such thing as the executive position, by the lack of objective criteria as to what is a good executive, and by the interdependency of human traits and abilities.

Unfortunately, some of those who have engaged in scientific or quasi-scientific studies of executive personalities have been eager to exploit their findings in a commercial way. As a result, many business executives today are convinced of the lack of value of all kinds of personality testing.

Again, however, it is suggested that psychology does have a contribution to make in appraising personality traits. The experience of many companies suggests that qualified psychologists working within the environment of a company organization can add to the information desired in the appraisal of people. But the company must be prepared to provide opportunities for careful studies by a qualified psychologist *within the organization.* This requirement may or may not mean that the psychologist becomes a full-time member of the company's organization. Many companies were found in which psychologists were retained on a part-time basis. It is only through research within a company, however, that it may be possible to define useful personality factors for executive positions. A few companies have engaged full-time or part-time psychol-

[1] Lewis B. Ward, "Personnel Testing," *Harvard Business Review*, March, 1948, pp. 188-189.

ogists on this basis. Perhaps the most striking conclusion derived from discussions with some of these psychologists was their modesty as to the validity of their findings on personality factors.

In companies which to date have done little on an organized basis for the growth and development of their personnel and in which there is now real interest in initiating a program, the steps outlined in Chapters II and III can be taken without the benefit of the psychologist's advice. In a sense the work of psychologists may be regarded as a refinement of any particular company's program. Many companies have made progress on their development programs without counsel from psychologists, and it is erroneous to believe that such counsel is necessary before anything effective can be done.

For those companies that desire to improve the selection of men for executive positions through the use of psychological tests, the procedure followed by a large eastern company may prove useful. The vice president in charge of personnel reported that he secured from business friends the names of several possible psychologists and personnel consulting services. In deciding which service to use, he tried to use the same care executives would exercise in the selection of a public accounting firm or a law firm. He visited the offices of the possible services, discussed the problem as he saw it, and secured the names of existing and former clients. After checking with the clients, he contracted with one of the services to start work immediately.

The vice president of personnel considered it noteworthy that, when he discussed the possibility of using personnel tests with a representative of the psychological service selected, the representative stated that there were about 600 or 700 standard tests in existence which might be used, but there was no assurance that any would be of value in this company. A thoroughgoing investigation of the company and its personnel, as well as related policies, would be necessary before any conclusions could be made on the advisability or the construction of tests.

Another executive, commenting on the problem of selecting an outside psychological or personnel consulting service,

stated that executives should beware of any service which offered a cheap, quick, and easy answer and of any service which claimed to be able to solve personnel problems by a testing procedure without knowing the details of the organization and the real characteristics of the problem. He supported his conclusions by citing the efforts of a psychologist to solve a high turnover problem with testing procedures. When these did not reduce the turnover, a reputable personnel consulting firm investigated the situation and found that the wage scale in the company was the lowest in the area, that there was almost a complete lack of communication between management and the hourly workers, and that workers resigned for reasons other than those relating to poor selection. In this case there certainly were no known tests which could solve the personnel problem as eventually defined.

These first four chapters have been concerned primarily with essentially preliminary steps to affirmative and constructive action for the growth and development of administrators. Defining the requirements of each executive position and appraising the human assets in the organization have independent value as administrative tools. But what is done pursuant to the information revealed by the two preliminary steps represents the heart of executive development. The methods that seem to be most effective for the growth and development of executives will be presented in Chapters V, VI, and VII.

CHAPTER V

Approaches for Growth and Development

In every business organization something is done with regard to the growth and development of its members. This action is inevitable. It arises out of day-to-day operations because people at work learn. The challenge of on-the-job development consists of finding ways of helping individuals to learn those skills and to develop more quickly those capacities which will provide realization of their potential abilities as better administrators.

What appears to be a not very profound conclusion of this study is that in the development of executives people learn by doing, or, in other words, according to the oft-quoted statement, "There is no substitute for experience." The situations studied indicate that the most effective way of developing administrators is through the performance of the day-to-day requirements of administrative positions. The process of administration does not consist in dealing with static units of matter with fixed, known, and predictable reactions. If this were the case, reading a book or memorizing a series of rules on administration presumably would qualify anyone as an executive. In practice, it has been found that few reliable rules or dependable guide posts exist for the automatic solution of administrative problems. Each administrator therefore should have opportunities to practice his skills and to exercise his capacities if he is to occupy positions of administrative responsibility.

It was indicated earlier in this study that the qualifications of an executive do not conform to a pattern of known and definitive elements. Studies of representative samples of executives come forth with few if any factors which uniquely characterize the executive. Whatever elements are defined or suggested are related and interdependent, and today there exists no optimum quantity of given qualities. Also, as was stated earlier, it was found that on the basis of individual

experiences in their organizations, some companies have arrived at broad statements of the desirable intelligence, job knowledge, administrative skills, and personality factors required for each administrative position. Because these several elements of the executive lack objective definition and proportion and because they are interdependent and interrelated, it was impossible to prescribe a development approach which would change one element without affecting the others. For example, in one company it was believed that the position of credit manager required experience as a salesman in the field and as a supervising salesman in a branch office. In job progressions of candidates for the position of credit manager, certainly those given experience in sales were affected by more than just the job knowledge of what was involved in dealing with customers. Their administrative skills in dealing with people and their personality traits also were affected, whether for better or worse cannot be stated. This point is stressed to emphasize that individual growth is a complex and interrelated matter and that any development measure must be regarded as a contribution to the total growth of the individuals concerned.

Another aspect of on-the-job development is that inasmuch as administrative positions vary within a company and among companies (that is, the requirements of a sales manager's position in one organization are different from those for a sales manager's position in another organization), men can learn by working in the business environment in which they hope to progress. The capacities and skills they acquire have meanings in working relationships. There is no need, therefore, for solving the problem of adapting a skill, for example, a skill learned in a classroom, to living and real situations on the job.

Planned Progression

To avoid what many executives described as serious shortcomings in their job experiences, many companies have prepared plans for the orderly progression of men from the lower levels of the organization to the upper levels of management. The purpose of a planned progression is to assure that able men are given opportunities to gain sequential job knowledge,

that is, job knowledge believed to be required in order to fulfill the administrative responsibilities of higher positions. There are differences of opinion among students and practicers of administration as to whether administrators need be well grounded in the technical aspects of their positions. One group contends that the administrator can direct business operations even though he knows nothing about the techniques or processes involved. They add that, since the executive gets things done through people, he need have only competent people, and administration consists essentially of getting them to work together. To support this view, instances are cited where able financial executives took over manufacturing plants during the war and turned in enviable production and profit records.

The other side of this controversy, and the one which has the support of most of the executives consulted during this project, is that technical competence is essential to administration. If a man is to occupy a position as sales manager of a drug products company, for example, he ought to know, preferably through experience, what is involved in performing all the various sales functions for which he is responsible. If a man is to be production superintendent, he ought to know the processes, methods, and techniques used in the plant in order to do an effective job of administering the plant.

The importance of job experience and familiarity with the facts of operations was illustrated by an instance suggested by a vice president of a large eastern company. Fifteen years ago when the Roe Company was dominated by its founder, Mr. L. E. Roe, his son, Virgil, was appointed vice president in charge of finance. Virgil had been graduated from college a year before and while touring Europe had received word that the financial vice president of the Roe Company had died unexpectedly. Virgil returned home immediately and began work as successor to the deceased officer. After a year on the job, it became apparent that he had no basis or standards for appraising the work of his subordinates, and that instead of directing their responsibilities, he was largely directed by the subordinates. Several unfortunate mistakes were made when he approved recommendations made by

subordinates in the financial department, and he asked to be relieved. This example was provided by Mr. Virgil Roe, vice president in charge of finance of the Roe Company in 1949, who added that when he first had the job, he did not know what the subordinates were talking about and therefore could not judge the validity of their recommendations. He recognized his lack of knowledge of financial matters and took a subordinate position in the treasurer's department of another company. After several years' experience he returned to the Roe Company and later became vice president in charge of finance.

It is difficult to generalize from examples of success or failure with or without technical competence, but most executives interviewed stated that personal competence in the business function involved was essential. According to one writer, however: "Sometimes an exceptional leader can effectively guide technical operations in which he has no special competence, whereas those of high competence are often not successful leaders. I shall not attempt a general explanation of these facts; but on the whole we may regard leadership without technical competence as increasingly exceptional, unless for the most general work. Usually leaders, even though not extraordinarily expert, appear to have an understanding of the technological or technical work which they guide, particularly in its relation to the activities and situations with which they deal. In fact, we usually assume that a leader will have considerable knowledge and experience in the specifically technical aspects of the work he directs."[1]

In some companies a study of the organization chart and of the job requirements in terms of business knowledge has made possible the determination of paths of progression from the bottom of the organization to an upper level position. In these companies it was noteworthy that there were several alternative paths and not a single rigid one. Substantially similar business knowledge could be secured from several different positions, many times at the same level in the organ-

[1] Barnard, *The Nature of Leadership*, p. 6.

ization; and this situation provided flexibility in the plan so that able men could be promoted, even though there was no vacancy in their immediate department.

Planning paths of progression through a business organization does not mean, of course, that the plan cannot be changed or modified to meet operating conditions or that men cannot be promoted into positions for which they do not presently possess all the experience requirements stated in the specifications. This statement is made because several executives resisted the adoption of the progression concept on account of misapprehension as to its rigidities. Executives explained the progression approach as representing an effort to plan the experience growth of men rather than to leave this growth to the haphazard elements of chance. Not much can be done through job rotation to expand the job experiences of upper levels of management, but the benefits of various job experiences can be realized as soon as those in the path of progression move forward one or more steps. And, as more and more men are given broader job knowledge on a planned basis, the executives of 15 years from now will not have the shortcomings in experience reported by those who occupy those positions today.

In one company in which detailed experience requirements were stated for each position in the organization, the job specification sheet listed the higher positions to which executives ordinarily were promoted from their present jobs. For example, according to the executive specification record, the supervisor of warehouse operations could be promoted, after further specified training, to manager of warehousing, or general manager of transportation and warehousing, or manager of traffic.

The job specification sheets of another company listed the usual lines of promotion and noted the jobs from which and to which men could be promoted. For instance, after stating the experience requirements of a subsidiary controller, the specification sheet indicated that a man could be promoted to subsidiary controller from a position as chief accountant, budget manager, controller of a small plant, or assistant to a controller. Also, from the job as plant controller he could be

promoted to plant manager or controller of the headquarters office.

The vice president in charge of personnel in a large eastern company reported that planning the "experience exposure" of the company's employees represented the core of the development program. By giving more people opportunity to work at the various key jobs at a plant, for example, he found it possible not only to strengthen their capacities to do a better administrative job in their present positions but also to create a broader base of supply of people to be considered for promotions to higher positions. He acknowledged that the process was costly in that the company did not get direct and commensurate production returns when men occupied jobs for relatively short periods of time and moved on to other experience posts. The return in terms of greater effectiveness as administrators in upper positions, he believed, however, compensated for the loss while learning at the lower levels of management. In this company the plan of moving men through the organization was not limited to those at the lower or middle levels but extended throughout the company up to the level of vice president.

The sales department of this company was responsible for the distribution of several lines of products through several different channels of distribution. In the formulation of the desired experience progression, it was decided that a sales branch manager should have experience selling most of the lines to the different kinds of customers. This policy involved moving men horizontally across organizational product lines. Care was taken, however, never to reduce a man's income to achieve the benefit of experience in the distribution of different lines of products. It was explained that since for the different lines, different kinds of customers, different credit problems, and different sales and promotion problems were involved, sales branch managers, to do their job well, must have experience in the field with the many and varying products and problems.

The products of a large company manufacturing consumer items with headquarters on the Pacific Coast were distributed nationally through 7 regional divisions and 58 strategically

located branch sales offices. The division managers were responsible for all sales in their regions and had between 7 and 10 branches to do the actual selling. Each branch was headed by a manager, who directed 2 or 3 supervisory salesmen and 8 to 10 salesmen who called on grocery stores. The vice president in charge of sales in the headquarters office had an assistant sales manager and a merchandising manager as his two key subordinates. The company's products were divided into 6 major lines, each of which had a product merchandiser who reported to the merchandising manager. In order to provide the desired experience as men progressed up through the sales department, the path started with the salesman on the road. His next step was to the job of supervisory salesman and then to the headquarters office as a product merchandiser. The purpose of this plan was to have men at the level of product merchandisers who knew from experience what problems were encountered at the lowest sales level. From product merchandising, men were promoted to branch sales managerships, then to positions as assistant to the assistant sales manager. From here the planned path of progression provided for assignment to positions as division sales managers and later to merchandising manager, assistant to the sales manager, if qualified, from which position selection was made for the job of vice president in charge of sales.

These steps constituted the plan, and it represented an attempt to have men in middle and upper supervisory positions who understood not only the basic selling problems but also the intermediate administrative sales problems. The vice president reported that too often in his experience men occupied upper level sales supervisory positions who had never been face to face with a customer. They had never learned from experience what problems were involved, and therefore, in participating in the formulation of sales policies, they had mythical and frequently erroneous concepts of sales facts. He added, "and besides, they assume the pious attitudes which we call headquarteritis." The plan is now in operation, although its complete fulfillment will require several years. It is noteworthy, however, as recognition of the importance of experience and as an attempt to substitute planned progression for haphazard chance.

In those companies where there was a program of planned progression, it should be emphasized that logical and desirable *paths* were laid out and efforts were made to keep them open for advancement. This procedure should be distinguished from planning completely and in detail the careers of the men who would follow those paths of progression. Several dangers were found in plotting an individual's progress through a succession of positions. Probably the most significant was that different men progress at different rates of speed. Some can achieve a satisfactory level of mastery of a position in six months, others may require a year or longer, and still others may never perform adequately on a given job.

In one company the executives stated that they believed a man should occupy an assigned job not less than 6 months, because from their experience it took 6 months to learn what was involved in the job. Less time resulted in superficial knowledge. The maximum length of time was determined by the man's capacities and by the opportunities available for moving him to another position. In some cases men were kept in positions as long as 12 to 18 months after they had shown evidence of job mastery, but those responsible for the personnel progression program stated that they tried to keep able men in the same position not longer than 12 months.

Another reason for not plotting a man's career through more than one or two steps is that the man may not perform well on an intermediate job and therefore it may not be desirable to promote him any higher. On several occasions executives reported that they had been disappointed by men who were believed to be "comers" — "men who will go far in the company." In one case the progress of a man was plotted 15 or 20 years ahead, and having made this plan, executives began to depend on its successful fulfillment. After 2 or 3 years the man reached his peak level of accomplishment, and executives concluded that it would be a mistake to force the man into higher jobs for which he had shown he was not qualified.

Despite efforts to make careful selection of able people, and despite the affirmative efforts of executives to provide for experience deemed to be useful for a man's growth, a variety

of causes may preclude realization of long-term growth plans of personnel. In some cases the individual involved may have been misjudged when employed; in others something may have affected the man's motivation. In one situation a promising department head in a plant lost interest in his work after inheriting $150,000. There are many factors which can affect and change people's capacities to perform as administrators, and it thus becomes necessary to plan their upward movements in the organization one or two steps at a time.

Several executives acknowledged that they had erred in telling subordinates what jobs they would be promoted through and to over the years. When, for any one of many possible reasons, assignments to these positions were not possible for subordinates, ill feelings and disappointments followed. One executive stated that the only thing he tells subordinates now is that each new job assignment is a step of progress, and that the individual man must prove himself on that job in order to qualify for positions of higher responsibility.

There is another aspect of planning paths of progression and time in various jobs that was found to be significant. Any plan, no matter how carefully prepared, must be adaptable and subject to change to serve the exigencies of business operating conditions. One of the errors of preparing and administering a method of giving men progressively greater business experiences lies in giving the movement of personnel a higher priority than the task of meeting the requirements of profitable management. In one eastern company, for example, in which operations were largely decentralized in six regional divisions, the sales manager of the southern division was regarded as the best candidate to succeed the headquarters office vice president in charge of sales. The southern division sales manager's experiences, however, had been exclusively in subordinate echelons, and in order to prepare him for the vice president's position, headquarters executives believed that the man should be brought into the home office for a few years' experience in dealing with policy formulation at that level. Top executives recognized that no adequate replacement was available and that the southern division sales man-

ager occupied a unique relationship with important customers in that area. They concluded, therefore, that the sales manager should be kept in his present position with suitable increases in compensation and that other candidates should be prepared to succeed the vice president of sales when he retired. Without discussing the possibility and feasibility of other solutions to this succession problem, the situation illustrates the importance of subjugating the logics of a plan for personnel to the demands of a market and competition in that market. It is likely that the southern division sales manager will spend his remaining years with the company in that position, but such compromises between effectively using available manpower and providing experience and opportunity for advancement must be made.

In addition to the job knowledge provided by progression through an organization, some companies take supplementary steps to develop further and to appraise continuously the able people in lower level positions. In one company, for instance, men in the three lower levels move from one experience position to another, and in each job they are asked to study designated current problems and to write reports with recommended solutions. As the level of jobs goes higher, the complexity and nature of business problems are expanded. In all cases several men from the same level are asked to work on the same problem individually and to submit individual reports.

The business problem may require the men to determine facts and figures from other sections, and this procedure serves two main purposes. First, the men working on the report learn what is done in other phases of the business and, secondly, those from whom information is sought have the opportunity of sizing up the man in a working situation. After the reports are submitted, they are used by the superior in the organization who has the responsibility of making the decision on the problem studied. Usually the superior will grade the reports and prepare written comments on strengths and weaknesses. The comment sheets are used as a basis of discussion with the individual man and then are added to the man's personal file for future reference.

Requiring men to work outside their immediate functional job expands their job knowledge and develops their awareness of the relations between various phases of the company's operations. Special projects to work on also have the advantage of providing additional information to be used in arriving at a fair appraisal of the men. Men working on the projects know they will be measured by the results, and therefore are stimulated to do thoroughgoing jobs on the reports.

The concept of broadening job knowledge through work on stated projects is not without its disadvantages and limitations. Because the men know that others from the same level are working on the same problem, and that the results will be entered as part of their annual appraisal, there is sharp competition among the men, competition for ideas and competition for favorable comments to be included in the personnel folders. The emphasis on individual performance discourages group work and group participation. Sometimes the competition among men results in ugly manifestations of pettiness and jealousies which disrupt rather than encourage group efforts. Top executives who prescribed the program probably are unaware of these shortcomings, but at the level of participants the feelings sometimes become deep and bitter.

It is possible that the benefit of special project work might be realized without the inevitable human conflicts if individual men were asked to work on individual problems. This plan would relieve the organization of some of the competitive disadvantages and would provide a basis for appraising the capacities of the men involved. Another variation to encourage and emphasize cooperative efforts in organizations would be to assign to a group of four or five men the responsibility of investigating a problem and recommending a course of action. Such an approach would develop rather than destroy the individual's capacity to work with and get things done through people.

Rotation Among Business Functions

It was found that one of the common business problems in manufacturing companies — and studies of nonmanufacturing companies indicate that the problem is not unique to man-

ufacturing organizations — is that progression from the lower levels up through the organization is typically limited to a specific function; that is, if a man starts as a salesman, his path of progress is likely to be up through the several echelons of the sales department. If he starts in production, he can expect to progress only through production department positions. This procedure is inherent, particularly in the large-size organizations where effective operations depend upon functional specialization.

Concern over this problem was manifested in several ways. It was stated that sales department people have no understanding of production and procurement problems. For instance, a sales decision is made to run a special promotion of a product, and frequently the first word the production people have on the need for more output is by reading the newspapers. Several classical examples were found of this experience to confirm its validity. In one situation the procurement department, in order to have raw materials available immediately, was compelled, in this emergency, to enter a commodity market at a disadvantageous time.

Sales executives likewise commented bitterly that production people do not recognize the competitive advantages resulting from delivering the goods in quantities when the customers want them and not when production personnel find it convenient from a scheduling point of view to fill orders. Also, some sales department executives stated that credit managers have little appreciation of what is involved in securing a substantial order. Credit men, in turn, reported that sales department executives would sell anyone anything in order to meet their sales quotas, even if it meant virtually giving the products to companies which could not pay. Examples of such situations are so familiar to business executives that further elaboration is unnecessary.

In some companies, in an effort to resolve the misunderstanding which results because sales executives do not appreciate the problems of the production department, and vice versa, men from one department are rotated among positions in other departments. It was found during this study that the transfer of men across functional lines in the lower levels

of management was feasible except in those situations where technical knowledge and training were required as prerequisites. Many companies have found that shifting people from one function to another not only gave those transferred a broad understanding of the whole enterprise, but also assisted the men and the management in finding work situations which were best for the men transferred. These objectives are accomplished by many companies through the so-called 18-month to 2-year training program for new employees hired from colleges. The program essentially consists of transferring men from department to department so that they can, as one executive said, "find their niche."

The practicability of shifting men across functional lines at middle or top management levels is not so clear. This practice is followed in some companies, but the risks of moving a department head in sales to an equivalent position in production in order to give broader experience have discouraged other managements which have considered this method of development. No manufacturing company studied for this project was found in which men from middle and upper management levels were rotated across functional lines. Perhaps the best known example of this practice is found in the Consolidated Edison Company of New York.[1]

Some of the executives of manufacturing companies indicated that rotation at the higher levels was an expensive way to create interfunctional understanding. If a man is transferred from a division sales job to a division manufacturing job, the responsibilities of positions at this level are so great that errors in judgment resulting from lack of knowledge about production operations are very costly. To meet this objection some companies have created "assistant to" positions for the upper levels so that a production man will learn by assisting a sales department or division head but will not be required to assume the full responsibilities of the job. In other companies executives stated that the creation of special "assistant to" jobs for the development of men was too expensive in that higher-level men are higher-salaried personnel.

[1] "Consolidated Edison Pre-Selects Tomorrow's Executives," *Electrical Light and Power*, April, 1949, pp. 62-67.

ABSTRACT

THE GROWTH AND DEVELOPMENT OF EXECUTIVES

The supply of executive manpower in business corporations ever needs replenishing. Expansion of operations, retirements, and other circumstances cause vacancies to occur which must be filled. Frequently there is a dearth of well-qualified candidates for filling vacancies both in top management positions and at lower administrative levels.

In this report Professor Myles L. Mace presents the results of his first-hand observations on the manner in which numerous industrial companies are undertaking to develop administrative talent. The author is Associate Professor of Business Administration at the Harvard Business School.

The following abstract was prepared by the Division of Research.

This book examines the policies, formal programs, informal approaches, and practices of manufacturing companies known or reported to be doing effectively "something" about the development of men for responsible management positions.

From the very beginning no *statistical* survey of executive development in manufacturing companies was intended. Rather, efforts were made to determine by selective inquiry what seem to be the main elements of a constructive approach for the growth of men in a manufacturing company. Several companies of a nonmanufacturing type were visited, and as a consequence the author believes that the program elements presented in this report apply, in general, to business organizations other than manufacturing. It is hoped that the experiences reported by the executives of the twenty-five companies studied in detail and by the many officers and directors of other companies not so fully covered provide sufficient evidence to suggest a sound approach to the problem.

Companies today, more than ever before, are made up of groups of specialists. This functional specialization has tended to limit the points of view of potential executives and to confine them to very narrow areas. The specialization goes beyond functional specialization such as sales, production, and finance. The result is that by the time a man has progressed upward in the organization and is a candidate for a position of wider responsibilities, it is too late in his career to give him actual experience in other areas of the business.

The purpose of this report is to present a critical appraisal of the growth and development methods found in the companies studied and to define some of the elements of a useful approach. What is an executive? What are his capacities and skills? Is there an optimum combination of personal traits? Can these be defined and measured? What does an executive do? How does he do it? Can executive abilities be developed? How? What are the problems confronting the management of a company in which the decision has been made to "develop" organization personnel? These questions and many others occur in any discussion of executive development, and answers and part answers will be considered in this book.

To be sure, there are differences in the requirements of job knowledge, skills, and personality traits, but the one common thread found in all organizations is the job of the leader to get things done through group effort.

For the purposes of developing executives *in individual organizations* no universally applicable list of quantities of qualities was found during the course of this study. The executive capacities and skills required in each situation will vary, and the determination of what is required must be arrived at in terms of the working environment in which they are exercised.

After the desired standards for each administrative position in the organization have been defined, appraisals of the people are necessary so that the qualities of the man can be matched against the specified requirements of the job. But, in addition, the appraisals serve as a pin point of personal weaknesses for development attention and are an important incentive to the employees appraised.

The appraisal process is a method of inventorying the human assets of an organization on a systematic and orderly basis. And the purpose of periodic and systematic appraisals is an effort to make the process as objective as possible, even though it is recognized that the techniques for personal appraisal lack absolutely trustworthy precision.

The preparation of job specifications and of an inventory of personnel are largely preliminary steps to the useful core of a complete executive development program.

A major conclusion of this study is that the most effective way of learning what is involved in the performance of executive functions is by doing. People learn by doing, and no adequate substitute was observed during the course of this study. The best classroom possible is to be found in the work situation but, unfortunately, many organizations do not take advantage of its educational possibilities.

The evidence on what was involved in learning by doing indicated two main segments of the topic, job progression and coaching of

subordinates by superiors. With regard to job progression it was found that in many companies substantive job knowledge was defined for each administrative position, and then planned paths of progression to provide the required job knowledge were defined. Planning the job knowledge steps for potential upper-level executives is far better than leaving the accumulation of this knowledge to chance and fortuitous assignment.

Inasmuch as people learn by doing, the superior officer is the real determinant of what his subordinates learn on the job. To emphasize the affirmative role of the superior, the process by which superiors get things done through subordinates is described as coaching. What is involved in coaching does not constitute some new method or practice for dealing with subordinates. Rather, coaching represents another way of looking at the administrative process. Coaching is administration, and administration is coaching.

The elements involved in coaching are divided into five major segments:

1. Subordinates must be given opportunities to perform.
2. The superior must counsel subordinates, using the work situation as the framework for counseling.
3. The superior must create a team of his subordinates, sometimes described as motivation.
4. The relationship between superior and subordinates must be characterized as one of mutual confidence, a climate of confidence.
5. The superior must set the standards of performance.

The elements are suggested as a framework of standards for the guidance of men interested in multiplying their effectiveness through the utilization of the capacities of others.

Whether the administrator observes these standards in the performance of his job depends largely upon his own basic attitudes. Therefore, getting coaches to coach requires management effort directed toward a reshaping of the attitudes of executives.

Three main approaches to getting coaches to coach are suggested:

1. The adoption and adherence in practice of a policy that success in developing subordinates constitutes an important element in the appraisals of the superiors themselves.
2. The example of the president or chief operating executive.
3. The organization of case discussion conferences for administrators.

The key figure in the organization with regard to competency is the chief operating executive. He sets the policy and the example for the whole organization. If he observes in practice the elements of coaching, his example becomes the real policy of the company.

This report on executive development might be discouraging to those who are looking for quick and easy methods. None were found. Rather, providing for the growth of personal abilities and capacities requires time and patience. As we learn more about the human assets of business organizations, improvements in methods and approaches are likely to shorten the time required. But it must be remembered that essentially education is a slow process.

(Harvard Business School, Division of Research, Soldiers Field, Boston 63, Massachusetts, 1950. x + 200 pages, $3.25)

While there would be some net contribution to operations by men occupying "assistant to" positions during the period of assignment, it would not be commensurate with the payroll expenses of that department. Several executives voiced another objection to the "assistant to" method of strengthening the job knowledge of functional specialists, namely, that it was impossible to appraise a man's growth in knowledge or ability when he did not have the full responsibility for the position. As an observer he might learn something, but the "whitewash of an 'assistant to' " title precluded the man from ever gaining real insight into the nature of the job for which he was assistant. In addition, they stated that what an assistant brought in from another function learned on the job depended in large measure upon the functional specialist for whom he worked. Unless the executive responsible for the work made real efforts to help the assistant acquire job knowledge through work, "the tenure as assistant would be enjoyed as a paid vacation."

Again, this problem is not one for which there are generalized and useful answers. The size, nature, and complexity of a company's operations will be factors to consider, in addition to the cost of rotation. Other methods for broadening the experience and job knowledge of able people in business organizations will be discussed in Chapters VI and VII, but the problem is noted here because some companies have experimented with and adopted rotation across functional lines as an approach to greater functional understanding in their organizations.

In companies of small and medium size where, because of the nature of their operations, administrative personnel work together continuously and intimately, the possibilities of cross functional rotation may prove useful except in positions requiring technical knowledge. It should be added that in companies of these sizes, the problem of specialization is not so acute and the need accordingly is not so great. In large companies, on the other hand, where the premise of successful operations is the performance by specialists of specialized jobs, the problem is acute, and measures are needed to create greater functional understanding among executives. The

experience of the manufacturing companies studied indicates that the decision to transfer men across functional lines at middle and upper levels of management in large companies should be made only after careful consideration and with full recognition of the factors involved which were discussed in previous paragraphs.

CHAPTER VI

Coaching

THE extent to which people learn executive abilities and skills through on-the-job experience depends in large part upon the immediate superior to whom the subordinates are responsible. The role and responsibilities of the immediate superiors are described in this study as "coaching."

If the superior has no interest in the development of his subordinates and never or rarely gives them opportunity to learn by doing, the subordinates are not likely to grow in experience and abilities. Many examples typical of this situation were found. In one large eastern company, for instance, a vice president of sales reported that one of his department heads, in charge of scheduling, reached his top level of promotion several years ago. As seniority was disregarded in promoting others who were younger and had fewer years of service with the company, the department head became more and more jealous of his position. He tried to do everything himself, never permitted his subordinates to discuss business matters with higher executives, and resisted any proposals to assign able subordinates to other phases of sales operations. Two years ago the vice president brought one of the best sales branch managers into headquarters and assigned him to the scheduling department to learn the problems involved. With this experience it was expected that the branch manager would be moved into a higher administrative position in the sales department. The vice president stated that the sales branch manager has learned something about scheduling operations in two years, but at his present rate of growth he will have to stay in scheduling about ten years in order to gain the experience desired for promotion.

In this case the sales branch manager was effectively precluded by his superior from getting the experience intended

by his assignment to the scheduling department. Many degrees of similar actions by superiors were found during this study. In a few cases exceptionally ingenious subordinates were able to devise methods of circumventing the stifling efforts of superiors, but more often the subordinates accepted the situation and did the best they could under the circumstances.

Many other examples, however, were found in which superiors were consciously aware of the opportunities of encouraging the growth of subordinates through performance of day-to-day jobs. *These examples constitute the basis for concluding that the most effective way of providing for the growth and development of people in manufacturing organizations is through the conscious coaching of subordinates by their immediate superiors.*

Strategically, the superior is in the best possible position to accomplish the objective of subordinates' growth. He knows, or should know, the subordinates as individuals better than anyone else in the organization. To utilize their abilities effectively he must know their strengths and their weaknesses. As a result of working with the subordinates over a period of time, the superior learns which subordinates do specific things well and the individual abilities and capacities that need strengthening. The similarity of the coaching relationship between the administrator and subordinates and between the baseball manager and players is striking.[1] In both cases accomplishing their different objectives requires managerial knowledge of personal strengths and weaknesses. The baseball manager is not likely to win ball games without this knowledge, and the executive is not likely to do so effective an administrative task if he does not know the relative values of the human assets at his disposal.

There is another reason why the superior occupies the ideal relationship for the promotion of growth in subordinates.

[1] Lou Boudreau, *Saturday Evening Post*, April 23, 1949. "[Tris] Speaker was a member last spring of the most expensive coaching staff ever gathered together in baseball. I am a firm believer in the importance of coaching. I am convinced competent teaching can short cut many of the lessons most ball players have had to learn by experience alone. That doesn't sound especially revolutionary, but until fairly recently the coaches on most big league clubs were either pensioners appointed by the owner or old pals of the manager's playing days. They were paid little and contributed proportionately to the club's welfare."

The superior has the opportunities, arising out of the performance of day-to-day jobs, to help subordinates through giving them working tasks which will augment and strengthen their capacities. People do learn by doing, but the speed with which they learn and the scope of their learning can be increased by the efforts of the superior to give subordinates opportunities to work on those jobs which strengthen their weaknesses. Also, when the subordinate completes an operating task, the occasion is provided for objective counseling. The learning process is thereby related to a concrete working situation which is part of the environment in which the subordinate hopes to grow and progress.

Can development of subordinates be accomplished in the work situation by others than the immediate superiors? In several of the companies studied attempts were made to delegate this function to a staff section. In most cases the personnel department was asked to do the job. Evidence indicated conclusively that although the personnel department has an important place in a program for the growth and development of people, which will be discussed later, affirmative coaching is a line and not a staff responsibility.[2]

In a large middle western manufacturing company the personnel department was given the job of "developing men

[2] "Experiences in many and varied situations in which training has been attempted led the writer to the conviction that training is an integral part of the management function and cannot easily be delegated. The logical and psychological point at which training can best take place is between an individual and his immediate superior. Any other arrangement necessitates such a close and comprehensive liaison between trainer and line management as is seldom achieved. The proper duties of the training consultant as the staff man to whom the problem of training has been assigned are not the conducting of training courses. This may appear at first to be helpful; actually it is an inefficient procedure and is often deleterious to management in the long run. The training consultant's objective should be to restore and to implement, not to perform the training function for management. He should work to create an awareness at all levels of management of the importance of training. He should make available to management resources for training in the form of materials and methods. He should assist in the diagnosis of training needs and in the development of training programs. He should stimulate and guide the evaluation of training programs, both completed and in process. He should, in short, help management to acquire the skills and understandings it needs to do the job for itself."

Role Playing and Management Training, Alex Bavelas, Publications in Social Science, Series 2, No. 21, Department of Economics and Social Science, Massachusetts Institute of Technology, Cambridge, Massachusetts. Reprinted from *Sociatry*, Vol. I, No. 2, June, 1947.

for management." Operating administrators assumed therefore that they were absolved from any affirmative action and that the whole job would be done by the personnel group. The personnel people tried several methods including conferences, lectures, movies, and on-the-job counseling. It became apparent, however, that since the personnel employees were staff and not operating men, much of the material that was presented to help people grow was unreal and had little relationship to the working environment on the job. After more than a year of experimentation, members of the top management group concluded that operations and personnel could not be separated. In a very real sense every executive was his own personnel officer. After this discovery the policy was defined and established that every administrator in the organization should be responsible for the development of subordinates on the job, and this approach continues in effect throughout the company today.

Giving to personnel departments the task of developing administrators disregards the not uncommon conclusion among the companies studied that operating executives think of personnel departments as staff people who want to organize "training courses." In addition to their resentment at being "trained," some executives question what a nonoperating staff man could teach them. "What do they know about sales, advertising, premiums, production methods, and so on?" is a frequent question. And a vice president will add, "The personnel people who purport to tell me how to be a better administrator and who now occupy jobs of the first or second level in our organization have never administered anything in their lives!"

In some situations the company executives raised the relative stature in the organization of personnel department employees by having the man in charge of training report to the president. "Yet," a vice president of one company stated, "that doesn't make those in personnel know any more about administrative problems than they did before, and it hasn't changed their desire to organize a training program."

In another situation outside consultants were employed to "do something about executive development." The con-

sultants interpreted their mandate to mean taking affirmative steps to strengthen individuals in the organization rather than installing an approach or method. Here again conferences were conducted and personal counseling was tried by the outsiders, but after a short experience the efforts were terminated. And again it was recognized by the top executives that outside consultants could not reasonably expect to understand the business methods and business working environment sufficiently to provide useful on-the-job development.

There are many ways in which personnel department men can counsel, advise, and assist operating administrators in developing their subordinates. But it must be recognized that the effective utilization of subordinate manpower and provision for the development of this manpower cannot be separated into two separate functions. The basic responsibility for development by its nature inherently rests with the superior.[3]

[3]Mason Haire, "Some Problems of Industrial Training," *The Journal of Social Issues*, Summer 1948, pp. 44-45.

"In his paper in this issue ["Some Problems of Organizational Change"], Bavelas has put his finger on a very important part of the reason why our classroom training is so apt to stay in the classroom. The purpose of training is to produce a change in behavior. Existing behavior patterns are part of, and are moulded by the culture of the work-group as a whole. It is exceedingly difficult to produce in an individual a behavior-change that violates the culture in which his behavior is imbedded. Unfortunately, the members of the Personnel Department's Training Staff only control the culture in the very limited area of their training classrooms.

. . . . .

"...Line management *is* doing the training whether it wants to or not, and it is doing it all day every day.

"In many cases we try to forget this responsibility, and to hope that we can undo an existing bad situation by devoting a weekly half-hour training session to a statement of what would be a better one. This seems to be pure escapism. To test this, think of the many plants that profess an 'open door' policy in employee's handbooks, orientation lectures, and annual get-togethers. But, in these same plants, let one of the employees walk through the big boss's open door. In how many of them would he 'learn' by the secretary's startled amazement and the look of annoyance at interruption, what the policy really is? All of these little things — the way the foreman says 'hello,' the manner in which a suggestion is received, the responsibility given a subordinate, the approbation given to a fast deal — are things that do the consistent day-to-day training.

"These conclusions seem to add up to a discouraging total for industrial training. Line management should do training since they control the culture and only they can prevent classroom-encapsulation. Training for a given group should be done by the group's immediate superiors, since they control the culture most immediately. Line management is training all day every day by shaping the work environment."

In many companies this conclusion has not been accepted. The managements assume that the personnel department, through its organized conference meetings, semiannual dinners where top executives review the last period of operations, and offers to pay tuition for those employees who wish to attend night school, is doing the job needed for the growth and development of people. These activities may have places in a total program which is based on growth on the job, but without such a fundamental basis, they constitute peripheral approaches which do not attack the real problems.

Solutions to the problems of providing for growth and development would be considerably easier and simpler if it were possible to engage the services of experts. Experts in this area can do a great deal to get a program for the development of men for management started, but as experts they cannot do the effective job which superiors by their position in the organization can do for their subordinates.

Coaching and Administration

It was observed during this study that many executives, in discussing their job responsibilities, tend to emphasize decision-making, carrying jobs through to completion, and other positive acts which stress the role of the executive as an important person but which disregard the role of the executive in getting these things done through an organization of people. The element which distinguishes the administrator from the single man, who can rely only on his own capacities, is the ability to organize and direct the energies of a group of people for the accomplishment of a stated objective. *The way in which the administrator carries out this task is a phenomenon, then, of relationships.* Therefore a study of the relations between superior and subordinates may help in our understanding of the "how" of the administrative process.

The objective of the executive's job, in other words, the coach's job, is to utilize the abilities and capacities of others. Effective utilization means developing the latent potential of subordinates. Coaching subordinates is therefore not some technique to be adopted and used by administrators as a tool, a method, or a device. It is a way of administration; it is administration.

Many executives suggested analogous relationships to indicate the significance of the inescapable unity of coaching and administration. One executive stated that the relationship of the administrator to his subordinates was something like the relationship of a farmer to his wheat crop. The farmer does not grow wheat. The wheat grows, but the success or failure of the crop depends in large part upon what the farmer does or does not do about helping it to grow.

Another executive said that the father as head of a family was similar to an administrator. The father does not develop a family. The children grow and develop themselves, but the nature and extent of growth depend not alone on inherited qualities but in large part on the environment within which they live, an environment where the father is a major figure. We gain little by considering the differences of opinion between inheritance and environment, but the analogy holds if we accept the belief that environment has "something to do" with the growth of people.[4] And it is the day-to-day job environment which is established and controlled in large part by the superior.

It became clear very early in this study that the individual techniques, methods, and tricks of the trade employed by executives in administering their organizations were not useful as such to others. In fact, there were some real dangers in assuming that their applicability and appropriateness went beyond the particular circumstances where they were used. Since each administrator operates with a different group, and the individual group characteristics may change with changing personnel in the group; and since each administrator is a different personality, reporting practices as such did not seem to be of value. There was the danger, too, that spelling out a list of things to do and not to do might be interpreted as a code of conduct for executives. "If I do these things, I will be a good administrator." The manifestations and methods of administrative action cannot be listed from one executive's experience and applied to another's without

[4] In passing, I suspect that a substantial fraction of the reason some writers on the subject distrust and deprecate the influence of environment on children is due to a lack of understanding as to what is a "good" environment for growth to responsible maturity.

insight as to the conditions existing in the relationship. If such a list of methods were the requirement for effective executive action, there would be no dearth of administrators.

In one situation an executive, regarded as a "crab" by his subordinates, envied the administrative success of a friend who said his "secret" of success was to smile at everyone when he first met them in the morning. The executive made an earnest and careful effort thereafter to smile at his subordinates, but the only result was increased resentment by his employees who grew suspicious of the boss's real motives.

More fundamental factors than synthetic and unnatural artifices are involved in the "how" of coaching, or administration, and throughout this study efforts were made to determine the common elements which were found in the executive actions observed. The purpose of trying to determine the common elements of coaching was to establish guides for executives interested in promoting the growth and development of their subordinates. The guides are phrased in general terms and supported with specific instances. They can be used by executives as guides only, however, because application to concrete situations will depend upon the personal characteristics of the superior and the subordinates.

Opportunity to Perform

Learning by doing necessarily requires that subordinates have the opportunities to fulfill on-the-job administrative responsibilities. It was found during the study that executives generally regarded as axiomatic the importance of depending on subordinates' work. Sometimes the acceptance of the concept was phrased in terms of delegating authority and responsibility, and sometimes it was phrased as getting things done through the people in the organization. Notwithstanding the verbal acceptance of the idea that subordinates be given opportunities to perform on the job, many of these executives did not in fact give their subordinates opportunities to exercise executive skills and abilities.

Reluctance or complete failure to allow subordinates to practice administration could be traced to many sources. In some cases the executive had spent so many years as a doer,

an operator, that his basic habits of work required his doing everything himself. Promotion to an administrative position changed his relationship to the jobs to be done, but it did not change his accustomed ways of doing things. In other situations the executive consciously delegated authority to a subordinate and then hovered over the subordinate to prevent him from making mistakes. The executive explained that this administrative conduct was for the purpose of helping the subordinates, but the results were that the subordinates were hindered rather than helped because of the ever-present directing hand of the boss. It was no kindness of the superior to help the subordinate in this way. Rather, great damage was done to the subordinate's learning process.

Another common explanation of the inability of subordinates to learn by doing was the lack of confidence or the insecurity found in the superior himself. This situation was particularly true of executives at the middle-management level. They resisted attempts by subordinates to carry jobs through to completion (which sometimes involved dealing with executives at a higher level than the immediate superior), and insisted that the focal point of all administrative work should be in the superior's office. There were varying degrees of this tendency, but quite commonly in these cases the superior tried to handle all details. The result was that subordinates worked as clerks who collected and summarized information for the superior's action.

Numerous instances were found where older executives, many beyond the typical retirement ages of 65 or 68, maintained their administrative positions and resisted any proposal to turn over management responsibilities for the development of younger men. Examples will occur to the reader as will the explanations given to justify such a man's continuing to serve in executive jobs. In one company the president, 73 years old, stated that there was no one in the organization qualified to succeed him, and he planned to stay on the job until he died. In another company the 75-year-old president said he thought he ought to stay on "while a refinancing took place and for whatever additional years were necessary." Another 70-year-old president stated that 65 was too young

to retire and that somebody ought to study the economic losses resulting from men retiring at 65, just when they began to understand administration.

Circumstances will vary among companies in which executives stay on the job beyond normal or typical retirement. There are situations where, because of death or resignation, potential top management personnel are not available to succeed those beyond retirement ages. Furthermore, as noted previously, the war with its drain on administrative talent in business made it necessary for older men to carry the management load longer than planned. It is believed, however, that in those companies where men are beyond the retirement age, a careful re-examination of the circumstances is desirable. Perhaps in some cases the reason men are not available is that the top executives have done nothing to provide for their growth. In other cases resignations of able middle-management men may have been caused by the unwillingness of top management to provide opportunities for growth and progression. Admittedly, there are problems in determining the real situation, especially when the people involved are executives occupying top management positions. But such executives actually wrong the corporations which they direct by compounding the shortcomings of administrative action which precludes opportunities for younger men to learn by doing. Administrators cannot live forever, and unless provision is made to develop successors in anticipation of the event, unforeseen death of top executives may push management responsibilities on unprepared men.[5]

"Responsibility is one of the greatest developers of men." This statement was repeated over and over again by executives who occupied key positions in large and small businesses. Sometimes it reflected the basic approach of the company to

[5] Owen D. Young, *Life Magazine*, November 7, 1949, p. 42.

"...I have often said that a man's career resembles a water wheel on which the leverage of each bucket increases, reaches a maximum and then diminishes as the wheel turns. In line with that, I suspect that a man can be of maximum use only to his own generation. After he has passed the peak of his own participation in affairs, he must see things from a less applicable, and hence a less valid, point of view than that of the men who are directly concerned. It may be, of course, that all that is merely an argument which I use to quiet my conscience when it accuses me of being lazy. But I really believe that more harm is done by old men who cling to their influence than by young men who anticipate it."

the development of administrative manpower, and sometimes it represented the operating policy of a vice president for his department. In all cases it constituted an expression of conviction of the importance of giving people opportunities to learn by doing the job.

Mr. Westerlake, a vice president of one of the subsidiary divisions of a large eastern manufacturing company, started two years ago to create an administrative organization to carry on after his retirement in 1954. When Mr. Westerlake joined the company in 1941, very little had been done in the production of a particular line of chemicals. Mr. Westerlake's previous experience included some work in this area, and he was brought in to direct expanded operations in the field. Working with an organization of less than 20 men during the early years, he made virtually all the buying, selling, and financial decisions. With the construction of two new factories, however, the organization expanded, and it was necessary for Mr. Westerlake to select and develop personnel for the key administrative positions. The parent company strictly observed a policy of promotion from within, so that when additional men were needed for the expanded line of chemicals, men were transferred from other parts of the business. The new chemical line involved different production techniques, different channels of distribution, and different sources of raw material supply. When men were brought into the new chemical division, Mr. Westerlake regarded as part of his job the responsibility of preparing them for their new positions. This responsibility meant working directly with the key people, and it meant seeing that the key people gave attention to the development of their subordinates.

Mr. Westerlake illustrated all the elements of coaching on the job, which will be discussed, and reference will be made to this situation in the presentation of other elements of coaching. With regard to giving subordinates opportunity to learn by working on the job, Mr. Westerlake delegated authority and responsibility to key men as fast as they could take them. This basic approach was confirmed by subordinates who reported, "Westerlake always seemed to give us jobs which extended us a little beyond what we knew from experience we could do."

The learning process is not greatly expanded through the performance of similar operating tasks over and over again. To be sure, the subordinate develops greater skill in handling the task, but his growth is not so great as when the superior consciously extends the subordinate into areas involving other administrative skills. Determining when and how to develop subordinates' administrative capacities by giving them tasks which extend them requires considerable insight, knowledge of subordinates, and skill by the superior. If new work is assigned too quickly and before the subordinate is ready, the subordinate is likely to become frustrated. But if new and challenging opportunities are not provided, "able men," reported one executive, "will either quit or rest on their oars." Certainly there is no rule to follow in assigning new work opportunities; the nature of the tasks and the degree of achievement shown by the subordinate will be controlling factors in the exercise of judgment by the superior as to what and when to give new opportunities.

Situations will vary among companies with regard to the extent to which subordinates can be given opportunities to learn by doing. In Mr. Westerlake's organization the expansion program with new personnel provided innumerable chances to develop subordinates by giving them work in areas other than those in which they had skills. Mr. Westerlake stated that the personnel requirements of the expansion plus the gyrations in the raw material market resulted in giving key men ten years' administrative experience each year. In other companies operations may be relatively static, and the superiors must exercise some ingenuity in finding and using new opportunities which are available for the development of subordinates. If the superiors in static companies, however, *will* use those opportunities which are part of their existing operations and *will* provide subordinates with these opportunities to perform and grow, considerable progress will have been made toward their development.

In addition to taking advantage of the opportunities available, superiors must exercise discriminatory judgment in assigning work to subordinates who need strengthening. This task involves a basic conflict between getting the job

done immediately and with the best immediate results, and getting the job done, perhaps less well, but contributing to the growth of a man who is thereby developed for greater productivity later. Management emphasis is frequently placed on the first alternative with the explanation, "Ours is a competitive business, and we cannot afford the time and energy necessary to develop the abilities of someone who needs the experience." And to this statement they will add, "Besides, we do not live in the long run; we live in the short run — today and tomorrow."

This justification for not taking advantage of the opportunities present in the day-to-day operations of a business may have validity in some situations at some times. There are occasions when the stress of time and competition requires that a department's best available talent be brought to the problems at hand. There are other times, however, when the nature of the administrative task and the circumstances permit the use of the opportunity for development purposes. To follow a general policy that looks only to the short run truly is a short-run point of view and one which denies the importance of developing men for future positions of responsibility.

In a sharply competitive segment of the branded drug industry, the Roland Company followed a policy of developing key people through on-the-job experiences. Here each superior was charged with the responsibility of developing the subordinates who report to him. The sales manager of one line of the company's products had five division heads reporting to him, one of whom was weak in writing effectively. Since promotional material and letters to salesmen required an ability to write, the sales manager had the responsibility of correcting this deficiency in the division head. Whenever a writing job came up, the sales manager assigned the task to this division head. The first writing assignments involved preparing instructions for use to accompany a drug product. As the division head's faculty increased, additional and more difficult assignments were given until, after two years of writing experience, he was doing a creditable and satisfactory job on the kind of writing that was needed in that sales department.

The sales manager remarked that many times during the development period it would have been considerably easier to do the writing job himself or to assign it to someone known to have the ability. Such procedure would not, however, have done more than meet the requirements of the moment, and would have deprived a potential key man of the opportunities to learn by doing.

The president of a large eastern food processing company reported that when he was a young man in the procurement department his boss sponsored him for admission to the floor of a commodity exchange as a trader. On the first day he was authorized to trade on the floor, the procurement department head told him to represent the company on all sales and purchases. He had full authority to buy and sell grain. In recounting this experience the president stated that the opportunity to learn by doing was the finest thing that could have happened to him because he was obliged to take responsibility. He added that the present members of top management of the company must fight against the tendency to make decisions themselves and for the right of growing men to develop by making mistakes.

Giving subordinates opportunities to perform is a basic element of the coaching process. Acceptance of the concept logically and intellectually is relatively easy, but practicing the full meaning of the concept is very difficult, especially for those superiors who have not already established the practice as their method of administration. Many situations were found in which executives made sincere efforts to delegate jobs to subordinates, but when "something came up, the string would be pulled" and the delegating executive would take over the task.

In one company a vice president charged with the task of coordinating research with production and sales reported that he had conscientiously tried to depend on his subordinates who were much more familiar with the details of research projects than he. He added, however, that several times he had undermined his surbordinates' relationships with research personnel by calling the research department directly. For instance, at an executive meeting the vice president in charge

of sales asked when it would be possible to initiate promotion of a new improvement of an existing product. Production of the improved product was known to be in the pilot plant stage, but the sales vice president was working on a promotion plan and desired to use the new advantages of the product for advertising. The vice president for research coordination called the research department directly, rather than his subordinate who was handling the project. The head of the research department reported that an additional centrifugal was needed and that when it had been installed, and production had been tested on a small scale, full-scale production might be started in three months. With this information, the coordination vice president returned to his office and made arrangements to secure a centrifugal. Later, he learned that the subordinate responsible for the project was aware of the need of a centrifugal and had arranged to have one delivered in two days.

These actions by the research coordinator not only interrupted the arrangements which were made for the handling of the project for the product improvement, but also, and more importantly, qualified and restricted his subordinate's relationships with the research department personnel. Quantitative measures of the damage done were not possible in these types of situations, but subordinates reported personal reactions ranging from "the director never lets me carry a job all the way" to "the research people call the director now when they really want something and call me on minor details." In the case cited as illustration, the research coordinator reported that he recognized the importance of depending on subordinates, but, "It's awfully easy to cross them up; I hope I am improving."

Many executives in reviewing their business careers reported that the "best" bosses they had were those who gave them authority and responsibility for the achievement of their respective jobs. The "least good" bosses were those who maintained close supervision and directed how and when jobs were to be done. The absence of statistical completeness does not preclude conclusions as to administrative meaning. Since administrators learn by doing, opportunities must be

provided. Whether or not these opportunities are provided depends entirely upon the superiors of the subordinates. The superior controls the work situation, and development therefore turns on the extent to which the superior allows subordinates to grow and progress by doing the jobs involved. Perhaps this is the meaning of the oft-quoted statement, "There is no substitute for experience."

Counseling

When subordinates are given opportunities to perform on the job, the occasion is provided for affirmative counseling by the superior. The meaning of "counseling" must be defined, for it was found that some executives regarded the term as equivalent to holding a court of domestic relations; others thought of "counseling" as meaning career counseling. Although counseling as the affirmative element of coaching may include discussing a domestic problem or a career decision with subordinates, the primary emphasis is intended to be on helping the subordinate to learn the "how" of administration. This learning may involve job knowledge, administrative skills, or personality adjustments, but by relating the counseling to the jobs done in the work situation, superiors can contribute effectively to the growth of subordinates.

In several situations a limited perspective as to the meaning of counseling stopped executives from advising their subordinates on any matters, whether related to their jobs or not. They regarded counseling as the function of psychologists and psychiatrists and a field in which they were not qualified to operate. One executive stated that in his experience subordinates were eager to have him solve their personal problems, and when he had advised them, they never took the responsibility for the consequences. If the suggested solution did not work out, the subordinate blamed the superior. The executive in this case concluded that subordinates should solve their own problems and not turn to him on any matters.

Many other executives, however, distinguished psychiatric and domestic-relations counseling from on-the-job counseling. They believed themselves to be no more qualified to handle social and unhealthy mental conditions than any other lay-

man. When evidence disclosed the need for this type of help, they referred the individual involved to qualified specialists. Since instances which required the services of specialists were relatively rare, however, these executives did engage in on-the-job counseling. Perhaps this type of counseling should be regarded as administrative counseling or counseling of administrators.

Counseling by the superior constitutes an effort to augment and strengthen the learning process which starts with doing tasks on the job. Given opportunities to perform, the subordinates will learn from these experiences, but they will learn more quickly and develop faster and further if their mistakes are the basis for suggested corrective measures afforded by the superior. The distinction here is probably that between unguided learning and guided learning.

Case studies indicated that one general area of counseling was that provided subordinates when they assumed a new position. Many new relationships must be established: with new superiors, with new co-equals, with former co-equals, and with new subordinates. Several illustrations were found in which a man's immediate superior assisted a subordinate in meeting the adjustments involved. In a large eastern manufacturing company, for instance, the president reported that when the present vice president of sales, Mr. Dunn, first took over the job, he irritated key executives both in the headquarters office and in subsidiary corporations. The new vice president of sales was young, aggressive, and eager to establish his position in the organization. The president added that Mr. Dunn had a tendency to "throw his weight around" and to "indicate to one and all that he was the boss in sales!" These resentments on the part of others in the company became known to the president when he made a trip to several of the subsidiaries. One subsidiary manager stated, "If Dunn ever comes into my shop again I will shoot the son-of-a-bitch on sight." Other managers reported similar reactions.

When the president returned to the headquarters office, he stopped by Mr. Dunn's office and they had a two-hour conference on the problem. Mr. Dunn in his enthusiasm was unaware that he had offended anyone in the organization,

but when the president listed the incidents which had annoyed the subsidiary managers and other executives, he recognized the shortcomings of his actions. The results of the conference were that thereafter Mr. Dunn exercised more care in his relations with others. It took considerable time for him to remove the feelings of animosity caused by his early actions, and it would be misleading to report that he learned how to deal with others as the result of a two-hour conference. His ability to work through other executives was materially strengthened, however, by this first and several subsequent conferences. The president added, "Today Mr. Dunn is a leading candidate to succeed me as president when I retire in 1950."

In this case, if the president had not worked with Mr. Dunn, helping him to learn how to adjust to the new relationships involved in the position as sales manager, it was possible that executive resentments would have become so strong that removing Dunn would have been the only alternative. By counseling when he did, the president contributed to Mr. Dunn's growth, a growth which was essential for satisfactory performance as vice president of sales. It must be emphasized that the president did not solve Mr. Dunn's problem through counseling. The problem was solved and the growth resulted from what Mr. Dunn did in response to the counseling by the president.

Although we have emphasized the part played by the superior in doing the counseling, by implication we include the equally important role of the subordinate. In this case Mr. Dunn responded to counseling and won the acceptance of other executives throughout the organization. This acceptance was confirmed by executives who reported that "Dunn used to be a real S.O.B.; he has mellowed with age."

Some executives believe that they have no responsibility for helping their subordinates by personal counseling. Several expressed a personal philosophy of, "It's sink or swim in this business and every man for himself. If a man gets into trouble when he takes over a new job, that is his problem, not mine." Following a contrary policy of counseling subordinates after taking over a new position is not justified, as some

executives believe, on sentimental and maudlin grounds. Rather, it is justified on logical grounds of contributing to the growth of people to do better jobs and to realize their potential as administrators. No evidence was found indicating that it was "tough-minded" or "hard-boiled business" to neglect the opportunities available for helping subordinates to learn how to do better jobs as administrators. Rather, the reverse was found to be true, inasmuch as administration essentially involves realizing the benefits of the capacities of subordinates.

Another general area in which superiors have contributed to subordinates' growth through counseling was found in the development of specific administrative skills. It was noted earlier that some executives, accustomed to doing jobs themselves, found it difficult to delegate responsibility when they moved into middle and upper administrative positions. Although able subordinates were available and willing to assume job responsibility, the executive tried to know all the details and to make all the decisions. In one company the advertising manager was appointed sales manager and during the following year operated the department almost as a one-man show. A replacement was appointed as advertising manager, but the sales manager continued to direct the advertising as he had done when he was manager of advertising. The president observed the increasing evidences of the physical exhaustion of the sales manager, investigated to determine the reasons, and then arranged a conference with this executive. At this meeting the president pointed out that whenever the sales manager came in with a problem the president expected him to state a recommended course of action. This would be discussed and a decision made. The president raised the question as to whether the sales manager depended on his subordinates to the same extent and whether they had opportunities to do the jobs ordinarily regarded as their assignments. This meeting of the president and the sales manager was the first of many during which the sales manager learned how to delegate responsibility to subordinates as well as the importance of such procedure.

Many variations in this area were found. In some cases

the superior counseled subordinates on assuming responsibility and carrying a job through to a conclusion. In one situation the production manager reported that whenever one of his subordinates came to him with a minor problem, the production manager merely told him, "Go ahead, get the job done, and do not bother me with those details." In another case the controller stated that one of his subordinates was afraid to make decisions. This timidity was corrected over several months by the controller's almost daily practice of asking the subordinate what he would do on a given problem. As the subordinate recognized through experience that he could make decisions, he began to assume more and more responsibility for the operations of his division.

In other situations superiors were found to be effective in counseling subordinates on personality shortcomings. Some executives believe that although it is relatively easy to develop a man's facility for a technical skill of an administrator, it is virtually impossible to influence materially a man's ability, for example, to get along with people. On the other hand, it appeared that many executives have been successful in helping subordinates to learn how to get along with others. In one case the treasurer of a company stated that a few years ago one of his division heads always wore six or seven keys, awarded during college years for outstanding intellectual ability. The ostentatious display of keys, together with the overbearing and objectionable attitude toward others which the division head manifested, resulted in recognition by the treasurer that unless the man's attitude changed he was at his top level of promotion. In this situation, too, the treasurer held a conference with the division head and offered suggestions for filing the keys in a desk drawer and, furthermore, made specific suggestions with regard to the man's conduct. Progress was slow in overcoming habits of years' standing. But the treasurer reported that progress had been made, and the man is now regarded as a potential treasurer of the company.

The methods employed by superiors in coaching subordinates varied greatly. Sometimes, as noted above, a conference was held with the man; sometimes a casual conversation in

the hall or at the lunch table accomplished the purpose. In one situation, counseling was achieved by example. A recently promoted subordinate stopped by his superior's desk about noon and suggested lunch together at a near-by restaurant. The superior indicated that he did not want to lunch until after the commodity market exchange had closed for the day. The subordinate stated that he was hungry and would find out about the market when he returned. That day, because of changes in the market which occurred about noontime, it was necessary to get information to operating subsidiary corporations quickly. The subordinate responsible for this procedure was at lunch, but his superior handled the messages. The subordinate learned what had happened when he returned and thereafter always arranged to have lunch after the market had closed.

In addition to counseling which takes place on a day-to-day basis, contribution can be made to a subordinate's growth through a periodic review of the subordinate's progress. The results of this study, and others in which attention was focused on incentives and employee motivation, indicate conclusively that subordinates want to know where they stand. Since the subordinate's security depends in large part upon what he thinks the superior or superiors think of him, it is important for superiors to be aware of these feelings of subordinates and to establish and maintain a relationship which encourages growth.

The value of periodic appraisals and discussions with subordinates lies in reviewing progress made during the previous period and deciding upon a plan of action for the subordinate's growth during the next period. The general practice among the companies studied in which appraisal forms were used was to require every superior to review the appraisal form with each of his subordinates. In some cases the appraisal form was shown to the appraised person, and in others the superior read the results to the subordinate. Unless the exposed parts of the appraisal form included sections in which the superior expressed his opinion as to whether the subordinate had reached his top level of achievement, the preferable practice would seem to be to show the form to the subordinate.

The value of review of progress depends upon frank and realistic discussion between the subordinate and superior. "If," as one executive stated, "the superior engages in a sort of hidden ball operation on his desk by half-hiding or not showing the appraisal form at all, the subordinate's reaction, in my experience, is likely to be one of suspicion and disbelief."

Since appraisals were prepared annually in most companies studied, annual reviews of the appraisals constituted a convenient and reasonable interval. A year is not too short a period to allow chance for growth to take place; nor is it so long a period as to give subordinates the feeling that they have been forgotten as workers in the organization. Once reviews of progress have been started on an annual basis, it is desirable to observe rigorously the annual scheduled dates thereafter.

The importance of letting subordinates know where they stand and what they may do for their own development cannot be satisfied solely by an annual review. Every day in the day-to-day contacts with subordinates, the superior manifests by his words, actions, and gestures what he thinks of his subordinates. Artificial observance of the mechanistic requirements of an annual review of appraisals with subordinates does not, of course, satisfy the requirements of subordinates for continuing security. The importance of maintaining a satisfactory every-day relationship between superior and subordinates will be discussed in detail later in this chapter. Mention is made of the point here to avoid any conclusions or impressions that the requirement of employee security is solved by an annual review of progress.

In some companies where written appraisal forms were not prepared, the practice was followed of having each superior review progress with each of his subordinates at least once a year and in a few instances every six months. Usually this practice occurred in businesses of small or medium size in which executives at the top management level knew fairly well all the administrative and potential administrative workers in the organization. The absence of any standard or uniform appraisal form meant that typically each superior

employed his own standards of requirements and his own standards of performance.

In one company the president reported that ever since he had occupied an administrative position in the organization, he had followed a practice of writing out periodically a list of the strengths and weaknesses of each subordinate. He then called the subordinate into his office, reviewed his expressions of appraisal, and asked the subordinate to take the list home and discuss it with his wife. The president explained, "A man's wife knows pretty well whether an appraisal is fair, and she is a key person in helping the subordinate to do something about his weaknesses." The procedure provided that after the subordinate and his wife had talked over the appraisal and decided what they believed the subordinate could and was willing to do about stated weaknesses, the subordinate returned to his superior's office where they discussed further the husband-and-wife conclusions. The superior and the subordinate then jointly worked out a program for strengthening the subordinate during the following months. Many men who formerly worked in departments directed by the present president and who now serve as key executives at the top management level of the company stated that they were indeed fortunate to have had the counseling and help provided by the president over the years. Again, it should be restated that the president's preparation of a list of weaknesses periodically was but a part of his coaching, his administration, of the departments for which he was responsible.

The examples which were cited above to illustrate the value of counseling by the superior in the work situation have been greatly abbreviated. It would be misleading to conclude that counseling is reducible to such simple terms. The many supporting cases, however, were presented briefly to emphasize the importance of adding guided learning to the subordinate's opportunities to perform, as discussed earlier in this chapter. Each superior in his own working situation must work out his own methods of counseling, but the important factor is to counsel; of little value to executives are the particular styles, techniques, or methods of other executives. In

some situations a conference might be misinterpreted as the first step to dismissal.

It should be noted, too, that counseling on the job in these situations was initiated by the superiors. There are many obstacles to a superior's determining his subordinate's learning problems, and it is important, therefore, for the subordinate to feel free to consult his superior whenever the subordinate desires. The problems involved in establishing and maintaining a relationship of mutual consultation between superior and subordinate will be discussed in the next section.

Counseling by superiors should not be regarded as a mechanical method to be adopted as a trick of the trade. By itself, it must not be treated as a touchstone to success as an executive. Rather, counseling is an integral part of coaching, which is administration.

Climate of Confidence

As indicated earlier, consideration of the ways in which subordinates grow involves a study of the relationships between the superior and his subordinates. And it is the nature and character of this relationship which largely determine whether or not subordinates will grow and develop. In those cases where there existed an effective relationship, subordinates and superiors alike found it difficult to define or describe the makeup of their relationships, but discussions with a considerable number of both parties led to conclusions which will be presented here.

Many executives whose approach to administration included conscious awareness of the opportunities and responsibilities for the development of their subordinates stated that some sort of climate existed in their working relationships. It was neither a hot nor a cold climate, but one in which subordinates thrived and grew. Observation and study of the various climates made it clear that the strictness, gruffness, amiability, or disagreeableness of the superior had little to do with the existence or nonexistence of a climatic condition for growth. Situations were found in which superiors could be described by any of the aforementioned adjectives and many

others; yet there was a relationship between superior and subordinates which was desirable.

The author's first clue to defining the nature of the climate came out of a conversation with a vice president of a large middle western manufacturing company. He described his relationship with his superior and with his subordinates, and summarized by stating, "If you as an administrator want results and growth from your subordinates, your administrative success will be in direct proportion to the subordinate's belief of your belief in him." Further, he emphasized that the important factor was not that the superior had confidence in his subordinates, but rather that the subordinates believed that the superior had confidence in them.[6] The necessity for the climate of belief or confidence, and further elaborations on its nature were supplied later by other operating executives in manufacturing companies.

One executive stated that the climate must be such that the subordinate feels free to tell the superior what is on his mind. He illustrated the point by citing an incident which had happened that morning. A large part of the value of the product sold by this company consisted of soybeans, which were bought through established commodity exchanges in a few middle western cities. Mr. Land, the sales manager, alarmed at the falling prices quoted on the previous day's opening trading, offered and sold manufactured soybean products at a lower price. Later that morning the market for beans became firm and closed at a price well over the previous day's closing quotation. The sales made by Mr.

[6] This expression by a business executive was confirmed in different phraseology by Dr. Douglas McGregor, now president of Antioch College. "The outstanding characteristic of the relationship between the subordinate and his superiors is his dependence upon them for the satisfaction of his needs...Before subordinates can believe that it is possible to satisfy their wants in the work situation, they must require a convincing sense of security in their dependent relationship to their superiors....Security for subordinates is possible only when they know they have the genuine approval of their superior. If the atmosphere is equivocal, or one of disapproval, they can have no assurance that their needs will be satisfied, regardless of what they do. In the absence of a genuine attitude of approval subordinates are threatened, fearful, insecure. Even neutral and innocuous actions of the superior are regarded with suspicion."

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Land at a lower price meant a loss of several hundred dollars in profit, which would have been realized if he had not responded so quickly to a temporarily falling commodity market.

Mr. Land recognized his error and, instead of trying to cover up his mistake, stopped by the president's office, reported the facts, and asked, "How can I avoid making this kind of a mistake in the future?" The president used the occasion to review the activity on the soybean market in an effort to increase Land's understanding of commodity fluctuations and to re-establish the man's confidence in his ability to interpret the quoted price movements. In reporting this incident, the president said he doubted that Mr. Land would ever again trap himself on that kind of a deal.

There were several significant points revealed by this and other incidents reported by the president of this company. In the organization there were no curtains or barriers between superiors and subordinates. Subordinates felt perfectly free to discuss problems with their superiors without fear or concern that the superior might think less of them because of their questions. Physically, doors were not open, but actually all superiors' doors were open for discussions with subordinates. Some executives called this condition "morale" or "esprit de corps," and others described it as the "tone" of the organization. The important result of the climate, however, was that subordinates were sure that the boss believed in them and that they could go to him and report what was on their minds.

Another significant point noted in this situation was that superiors were physically available. The president stated that suggestions had been made to move his office to a "mahogany paneled and otherwise luxurious" suite on the top floor of the building. He rejected the proposals because "I must not be remote and inaccessible, but I must be readily available to the key men of the organization."

An executive of another company supported the desirability of close physical office relationships with subordinates and added, "The superior must be not only physically available, but also intellectually and psychologically available." He stated that in his experience some of his earlier superiors

professed a policy of "come in any time you want to," but actually the curtness and brevity with which discussions were handled discouraged subordinates from approaching the superior's office except when absolutely necessary.

It must be emphasized that the examples presented to illustrate what happened where a desirable climate of confidence existed cannot be interpreted to suggest mechanical means for its creation. The examples are presented to demonstrate the importance of the climate of confidence between superiors and subordinates and to suggest that a climate of confidence be an administrative objective of executives. The creation of a satisfactory climate depends upon factors of much deeper significance than open doors or the amenities of sociable exchanges.

A vice president in charge of sales in another middle western company stated that maintaining the subordinate's belief in the superior's confidence in him was difficult when the subordinate performed his functions away from the office of the superior. It was possible, because of day-to-day contacts, to manifest confidence in those in or near the vice president's headquarters; but to maintain a feeling of confidence in those division sales managers, for example, who worked in major cities on the eastern seaboard, it was necessary to use phone calls and letters.

Recently, the New York division sales manager wrote that he had just missed a large order from a company regarded as a regular customer for his company's products. The division sales manager believed, as a consequence, that his budgeted quota for the period would not be met and that the company's price for the product was out of line competitively. The vice president stated that it was clear to him that the division sales manager's "chin was on his chest." On the day the report was received, the vice president wrote a three-page letter to the New York manager, listing the sales volume of his division and comparing it favorably with budgeted figures and the results of other divisions. Further, he explained in detail the reasons for the company's price policy, and stated that at this time it seemed desirable to stay out of the market. He explained, also, that those in the headquarters office were not

concerned because a regular customer did not buy at their present price, and that he had complete confidence that, when the market conditions warranted a re-entry, the New York division would be able to meet and exceed its quota.

The New York division sales manager reported later that his boss seemed to have a sixth sense as to when his spirit was low. He stated that the sales vice president had such confidence in his ability to run the New York office that he simply could not disappoint him.

The president of an eastern company reported that too often superiors treated their key subordinates like poor relatives. They were as careless of their relations with subordinates as some people are with their own families. He added that it was his practice to let the subordinates who reported directly to him know that they were key people in the organization. For instance, every month the president wrote a summary, five or six pages long, of the results of the period. At the top of this he listed the persons who were to receive the message. "Let them know you think they are important to the success of your organization."

There were several situations in which subordinates were assigned to tasks or special projects which at the time of assignment the subordinates did not believe they could accomplish. In some instances when this happened the superior stated, "I am sure you can do the job," and then went on to cite personal examples from his own experience in which he performed jobs he thought initially he could not do. One executive frequently manifested his confidence in his subordinates by remarking that he was never prepared or ready for any job he was given while progressing up through the organization.

The reaction of subordinates to expressions of confidence by superiors was uniformly, "The boss thinks I can do the job, and I just cannot let him down." One subordinate reported that his superior assumed that his subordinates could do anything or come up with satisfactory answers to any tough problems, and "The amazing thing is," added the subordinate, "that we do!"

Another situation in which a superior created a climatic environment for growth was found in an operating division of a large eastern manufacturing company. In this case the division manager, Mr. North, in 1945 requested the transfer of Mr. Craig from the company's headquarters procurement department. Mr. North believed that Mr. Craig, 35 years old and recently returned from three years' service with the Navy, had potential ability as a division sales manager or general manager. It was planned to start Craig as a salesman and, if he developed there, to increase his management opportunities. Craig worked for several weeks, and Mr. North observed that while he did a "pretty good job," he seemed to waste a lot of time "passing the time of day talking with customers and other employees." Also, at five o'clock Mr. Craig walked out of the office, frequently joining his procurement department friends for a cocktail.

Mr. North stopped by Craig's desk one day and reviewed his own personal history in the company. He indicated how little he knew in the beginning years about the technical aspects of the divisions' products and outlined what he did to gain this knowledge. The hard work outside regular office hours was stressed, and Mr. North concluded that the price of success in that kind of business was just plain hard work and that Craig could be successful if he really wanted to be. Mr. Craig stated that until this conference he never really knew the meaning of work or what had to be done to succeed as an executive in this division. He added that, encouraged and stimulated by Mr. North's story of his own experiences and by Mr. North's interest in Craig's future, he started night classes in mechanical engineering soon thereafter. He stated further, "For the past five years I have continued to try to fulfill the boss's confidence in me."

This capsulated summary of a situation in which a subordinate developed in a friendly atmosphere could easily be misinterpreted. It was outlined primarily to illustrate and to focus on the importance of a climate of confidence for growth. In this case Mr. Craig was a potentially able executive, but fulfilling this potential was made possible by the atmosphere which Mr. North established in the working environment. If

Mr. Craig had not been a potential executive, no amount of confidence on the part of Mr. North would have made him one.

As to the degree of the climate of confidence, one executive stated that it must not be so high that the subordinate's feeling of security because of the superior's belief in him results in intimate behavior or careless business conduct. "For example," he added, "if I knew right now that the president thought I was as good a man as had ever filled this position, I doubt that I would work as hard as I do." Other executives suggested that one of the dangers of expressing confidence in subordinates was the human tendency to "fraternize." The president of one company stated that the superior must maintain a dignity before his subordinates. Another reported that the superior must never put himself on equal terms with his subordinate or he will lose his respect.

These suggestions as to the indispensability of "dignity" or "position" of the superior arise basically out of a misunderstanding as to the real basis of respect. Respect on any basis other than greater ability is not soundly established. If the superior does have abilities greater than those of his subordinates, the superior need have no fear of creating too high a climate of confidence. If the superior, on the other hand, does not have broader capacities, observance of synthetic and artificial status rules will provide brief refuge from recognition of this fact by subordinates. Ultimately the existence or nonexistence of greater ability will prove to be the basis for respect.

The creation of a climate of confidence does not mean, of course, that the superior must show by his words and actions that he believes all his subordinates are fully developed and perfect at any one time. The president of one company, whose record included the development of many major executives, reported that the mature executive is one who accepts his subordinates as they are today and encourages them to grow and develop to their individual potentials. This attitude requires discriminatory judgment on the part of the superior who must gauge present abilities, progress, and termination of growth in his subordinates.

A satisfactory level of confidence in subordinates is difficult to establish and maintain, but extraordinarily easy to destroy. A thoughtless word, comment, or gesture may raise doubts in the minds of subordinates as to whether the superior sincerely believes in their abilities. Several examples were found of actions by superiors which were interpreted by subordinates as threats to their belief of the superior's confidence in them. In one situation the president invited the 25 key administrators, their wives, and about 50 outside guests to an opening of a new factory. Refreshments were served, and the president circulated from group to group. He stopped to chat with one small group of two husbands and their wives where the topic of conversation was Cincinnati. The president quickly stated that he had lived in Cincinnati several years ago and asked one of the men where he had lived in that city. The man replied, whereupon the president asked, "Whom do you work for now?" The response was, "For you, sir." The president, the subordinate, and his wife, together with the other guests present were considerably embarrassed by the conversation, and the president quickly moved on to another group.

Certainly this was a minor and insignificant incident, but it characterized the attitudes of the president and other executives in this organization. The executive who reported the incident stated that, although he could have remained with that company, he preferred to work in a climate where key people were believed important enough to be known. The incident together with other similar actions resulted in this executive's resignation shortly thereafter.

A situation in which the superior was acutely aware of the importance of maintaining a climate of confidence existed in the Kane Company. Early in 1949 Mr. Larson, assistant sales manager, was asked to come to the president's office. There the president, Mr. Kay, introduced him to Mr. Kimball and suggested that Mr. Kimball talk to Mr. Larson in the adjoining sales display room. As the two men left the president's office, Mr. Kay stated, "Feel free to say anything you wish, Mr. Kimball. There are no holds barred around here." During the next hour Mr. Kimball outlined the sales

problems of his company and asked Mr. Larson if he would consider coming to his company as sales manager. Mr. Larson stated that he was happy in the Kane Company and did not want to change positions. When Mr. Larson returned to his office, he wondered whether Mr. Kay wanted him to accept Kimball's offer. Was this a subtle way of telling him he ought to find another job? What was the significance of Mr. Kay's remark, "Feel free to say anything you wish. There are no holds barred around here." That sounded as if Mr. Kay was giving the Kimball offer a personal indorsement.

Mr. Larson thought about many other implications during the rest of the morning. At noontime he had lunch with the sales manager and asked him what he knew about Kimball's offer. As the sales manager and Mr. Larson were discussing the episode, Mr. Kay stopped by their table and said, "You know, fellows, I get put into some pretty tough spots sometimes. That is what happens when you have the best organization in the industry. Kimball came in this morning and asked the names of the two men I regarded as having the greatest sales management ability in the organization. I suggested Larson and Smith. It sure does my heart good to have them turn down such an offer." Mr. Larson reported later that the president's comments at lunch reassured him, resolved his doubts, and sent him back to work with a feeling that he had the confidence of the president.

The creation and maintenance of a climate of confidence between superior and subordinates cannot be achieved by the adoption of artificial or superficial mechanical approaches. Whether a satisfactory level is established and maintained depends wholly upon the attitude of the superior. If his personal attitude is "People are no damn good," as stated by one executive, the subordinates know no security and cannot therefore develop. On the other hand, if the superior sincerely believes in his subordinates and manifests this belief by what he says and does, a climate of confidence will result. If a superior really has confidence in his subordinates, his behavior on the job will show it. If the superior, however, does not have a basic belief in his people, artificial techniques will not

disguise his true feelings. A president of a large company summarized the importance of believing in subordinates by stating, "A man who does not sincerely believe in the abilities of the people in his organization is not an executive because he denies the basis of administration, getting things done with those people."

Standards of Performance

Directly related to the coaching element, a climate of confidence, is the establishment of standards of performance. It would be easy to misinterpret the requirement of a satisfactory climate of confidence as meaning approval by the superior of whatever the subordinates do in order to assure his subordinates that the superior has confidence in them. A few instances were found in which superiors tried this approach, and in each situation it became readily apparent that the superior in a very real sense abdicated responsibility for leadership, and subordinates soon learned that the superior's approval had no real value.

The approval of the superior, the feeling that the superior has confidence in the abilities of his subordinates, must have value for the subordinates. Perhaps this is the real meaning of the many statements by executives that subordinates must have respect for the boss. Studies of a number of situations indicated clearly that respect cannot be founded merely on relative position status. To be sure, position in an organization is prima facie recognition that the superior is in fact superior. But, unless the superior does have greater ability, subordinates will not accept his approval, the climate of confidence, as an element of value.

It was found that the superior's establishment of and adherence to standards of performance on the job constituted the essential ingredient which gave value to the superior's approval. Further, it was found that these standards of performance in all cases included work standards and, in some cases, personal conduct standards.

Work standards must be established by the superior because he is the administrator, the leader of his group. This function necessarily involves a requirement that the leader be

a competent executive. Competence in this sense means, not that the superior must be able to do every task asked of his subordinates, although this ability would be helpful in some cases, but that the superior know what standards of performance are appropriate and desired. For example, the president of a chemical company did not know how to perform many of the chemical processes which were involved in the production of the company's products. He did know, however, what the rated or expected output of the various producing units was, and this information, together with related knowledge of other production matters, enabled him to judge the performance of the production department.

The importance of knowledge of performance standards as part of the executive's job was illustrated by the experience of Mr. Miller, a vice president in charge of production in a large southern manufacturing company. Mr. Miller began work in the sales department in 1925 and in 1949 served as assistant sales manager. A reorganization of the headquarters office in early 1949, in order to centralize authority and responsibility along functional lines, resulted in the transfer of Mr. Miller from his sales position to a position as vice president in charge of production. He had no production experience and was not familiar with any of the company's production processes or methods. In addition, his primary desire was to work in sales and not in production.

Soon after he had assumed responsibility for the production function, an immediate subordinate recommended the closing of one smaller plant and the moving of its equipment to another plant where production of a line of company products could be centralized. "The proposal," stated the vice president later, "seemed to make sense, and I approved it. My bosses assumed I knew what I was talking about and gave their approval. It soon became apparent that we had made a mistake. I had no real basis for appraising the validity of my subordinate's recommendation. There were a thousand and one things I should have thought about before approving the move. I just did not know all the things which have to be taken into account in making such a decision."

The significant point to note in this situation is not that

the vice president made a mistake principally because he had had no previous experience in production, but rather that he did not have standards of performance for the leadership of the production department, a deficiency which became known to the subordinates in the department; accordingly they had no respect for their department head and attributed no value to his manifestations of approval of them. Their general conclusion was reported to be one of "the boss doesn't know what's involved in our department."

Many executives suggested that in the development and growth of subordinates the old rule applied, "If you want to train a dog, you have to know more than the dog."[1] To the extent that "knowing more than the dog" meant that the superior should be a competent executive in his position, the validity of the statement was confirmed by the situations studied. In those instances where the subordinates believed that their superiors were not competent executives, and accordingly attached no value to expressions of their approval, the subordinates typically did not grow and progress.

In the Arneson Company, for example, the head of market research in the sales department was given the position because he had failed as a salesman on the road. Three subordinates were responsible to the director of market research; each reported separately that their superior knew nothing about the function, and that for the last two years they had learned absolutely nothing as the result of working for him.

An interrelated aspect of the superior's standards of performance, suggested by several executives, was the conduct of the superior on the job. One administrator stated that the boss must work harder than anyone else in the organization because he was the example by which subordinates measured their own performance. Another reported that, if the superior was careless about his business dress and manners, subordinates would adopt the same habits. Still another stated that if the superior came in late in the morning, took two hours for lunch, and frequently played golf or went to the ball game

[1] Howard W. Bordner, "Suggestions to the Commission on Organization of the Executive Branch of the Government," *The Accounting Review*, October, 1948, p. 370. "Good managers cannot be developed in any organization that has never known good managers."

during summer afternoons, these examples constituted the personal standards for subordinates to follow.

The importance of any one or all of these various practices by executives cannot be determined apart from the circumstances of each situation. Perhaps the main general conclusion that can be stated is that if the superior is a competent executive, the practices listed can be regarded as peripheral and relatively insignificant factors. If the executive is not competent, however, the practices may be only symptomatic of basic weaknesses of the executive.

There is another aspect of standards of performance which many executives reported. The real meanings of their statements were difficult to appraise because expressions of personal philosophies and business practices were made in terms of generalizations. For example, one executive stated that the subordinate must have respect for the superior as a person. If the superior engages in personal conduct which violates the code of conduct of the subordinates, they will not have respect for the superior. This lack of respect will prevent acceptance of the superior as a coach.

The basic generalization to be derived from the evidence on this element of coaching is that, for a superior to be an effective coach in providing for the growth and development of people in his business organization, he must be competent in his position.

Creating a Team

Discussions with executives from many companies indicated that another general element of coaching was "creating a team." This expression was commonly accepted by most administrators as descriptive of an essential part of the superior-subordinate coaching relationship. It was observed, however, that although most administrators acknowledged the desirability of regarding their organizations as teams, in practice many of these administrators gave only lip service to the phrase and conducted their operations in violation of several of the conditions which make a group effort a team effort.

In one medium-size company, for example, the president

referred to his organization repeatedly as a "great team" and added, "There are no stars in our company, just a group of people who get along together beautifully. We are one big happy family." Further investigation disclosed that in this company the president dominated the organization, refused to delegate responsibility to subordinates, and had everyone in the organization, as one vice president stated, "scared to death ever to disagree with the boss." The conclusion was inescapable that the leader of this organization was feared by his subordinates and cordially disliked by them as well. There were no evidences of a team effort or of a team spirit. Rather, the distinguishing characteristic of this organization was the tremendous capacity of one man while the other members of the group served as clerks. The subservient attitudes of subordinates were misinterpreted by the president to mean a happy team spirit. The president in this case was extraordinarily able as an individual, but he was not an administrator. Quite apart from the deadening effect the work of the president had on the development of subordinates in this organization, this company included no one to succeed the president if he should die unexpectedly or prematurely.

The importance of creating a team is closely related to a consideration of employee motivation. Executives stated over and over again that from their experiences, as subordinates and as superiors, a sense of belonging to a group and a sense of being known constituted important desires and important incentives to employees. This study was not concerned with the reason why these feelings were significant to subordinates. It was observed that such was the case and that superiors frequently failed to recognize these facts in establishing and maintaining their relationships with subordinates.

Many executives stated further that as organizations grow, even though work groups maintain about the same size, something happens which causes people in the groups to regard themselves as numbered cogs in large machines. Some executives describe the phenomenon as a "loss of the personal touch when organizations become big"; others state that growth involves new management problems which necessarily

reduce the time available for personal relationships. Whatever the cause and whatever the changing magnitude resulting from growth, administrators and subordinates alike were unanimous in stating that "belonging to a group and being known" were important to them. Superiors who neglect to take account of these facts of human behavior bar themselves from accomplishing an effective administrative job.

Many organizations were found and studied in detail in which a team spirit existed. The superiors in these instances contributed greatly to the achievement of the team efforts; and discussions with these superior-coaches provided the basis for this presentation of some of the factors involved in motivating subordinates through the creation of a team.

Knowing the People

Responsible administrators stated again and again that the first step in creating a team was to know the people in the group. One said that just as the football coach must know the capabilities of his players, both for developing their capacities and for utilizing their abilities in games, so must the administrator know the strengths and weaknesses of the people in his organization. For the achievement of organization objectives the administrator must know what particular subordinates can and cannot do.

Most executives stated that they knew their subordinates, but further investigation disclosed that there were wide differences of opinion as to the meaning of the word "know." To some the word meant knowing the men on a first-name basis; to others it meant knowing the men's wives and children. A considerable number, however, attached fuller meanings to the word "know." To them it meant conscious efforts to learn individual abilities and capabilities, the capacities for development, and the things which motivated the men in the group.

What this knowledge means to subordinates was illustrated by a situation found in a medium-size eastern manufacturing company. Here the sales manager had five division heads reporting to him, and each of the five reported that the boss knew more about them as individuals than they did them-

selves. One division head stated that the sales manager was keenly interested in discovering "what makes people tick, what causes them to do what they do when they do it." He added that the manager was always interested in what the subordinates were doing, both on the job and away from the office. "Golly," he added, "how can you help wanting to do a great job when your boss seems to be more interested in your success than in his own?"

Attention by the sales manager in this case to the people in the organization as individuals resulted in a team spirit and willingness to work and grow. Certainly, there were many other factors involved in this situation which contributed to its success, but the example has been used here to illustrate the importance to the subordinates of having a superior who was interested in them.

The sales manager recognized that nonfinancial compensations no less than financial compensation were important incentives to the subordinates. Many other situations were found in which the significance of nonfinancial rewards was not accepted by officers in responsible positions. Their main tool for providing incentives to employees was the pay envelope. To stress the importance of using something more than dollars to create incentive to people, one executive stated, "It is impossible to solve a qualitative problem with a quantitative solution — dollars. Convincing your people that you are really interested in them and their careers is a qualitative answer and it is in this area that so many managements fail."

Knowing and understanding subordinates are necessary steps for discovering deficiencies in administrative abilities and for discovering whether the individuals are developable. Some executives in their enthusiasm for executive development programs or for better human relations in business assume that all people have capacity for growth and development. Obviously this is not the case. Many reach their peaks of performance at relatively low levels in the organization, and their futures will consist largely of refining their capacities to work at those levels. The superior therefore must know his subordinates and exercise discriminatory

judgment in separating the developable from the nondevelopable.

Knowing and understanding subordinates mean more than a periodical decision, "Now I must spend some time getting to know my people." Such a mechanical and artificial approach is quickly discovered and recognized by subordinates for what it is. Knowing subordinates must be the result of a sincere, personal interest in them; without this, approaches by the superior are likely to be regarded by employees as meaningless lip service.

Subordinates' Participation

"Participation" was found to be another word which many executives intellectually accepted as a desirable concept for making a group into a team, but which in practice they neglected. In one eastern company, for example, the president stated that he always called in his vice presidents when important matters were to be decided. He stated that the management group was an integrated team working together much as a management committee. It was observed, however, that although the president believed sincerely that the vice presidents participated by discussing and deciding important issues, in fact the president, by his habits of administration, followed the ritual of group discussions but dominated and made the decisions himself. The vice presidents reported that they always waited to find out where the boss stood on any problems because they knew from experience that he would make the ultimate decision.

When the management group met to discuss the selection of a new factory manager for the plant in a near-by city, the president started the conference by saying, "It seems to me that Jones should succeed Whiteside. What do you think?" And on another matter the president introduced the problem by stating, "Don't you fellows think we ought to defer the October sales promotion until November?" On other problems the president avoided leading questions but indicated by his tone of voice or inflection what he had already decided to do. From observed situations in this company and discussions with the vice presidents, it was clear that participation

by subordinates was not achieved in fact. It was noteworthy, too, that the vice presidents followed the same practice in dealing with their respective subordinates. Superficially, the concept of participation would seem to be an integral part of administration in this organization, but actually it was not. Subordinates at each of the levels reported that the superior made the decisions, even though subordinates' advice and counsel ostensibly were considered.

Many examples were found in which executives did ask subordinates' real participation. In one company the president stated that the company was just too big for any one man to have enough background, knowledge, and judgment to provide answers for all the problems which arose. He added that group management was his approach and that, although he was responsible to the board of directors for results, the vice presidents were the ones who made most of the decisions. Another president stated that he regarded as common sense the practice of letting the vice president charged with carrying out the decision participate in deciding what the decision should be.

In a middle western company the sales manager became concerned about the current schedule of prices. He called his subordinates together, and as a group they decided to issue a new schedule providing reductions on certain items. It was observed here that the individual members of the group felt perfectly free to express their judgments, and on several items they disagreed with the sales manager. In each case, however, full discussion was permitted, and the group *as a group* arrived at a decision. One of the subordinates reported later that he personally felt a real responsibility for the new price schedule because, even though that was not part of his job, he had had a hand in deciding what the schedule would be.

There was another type of participation which made subordinates feel they were part of the team effort. This involved apprising subordinates of what was going on in other sections of their own department and in other departments of the company. The benefits of this type of participation were twofold: in the first place, the subordinate believed he was important enough to know what took place outside his

own relatively limited sphere of work; and, in the second place, the subordinates gained substantive knowledge about other phases of the company's operations.

In a middle western company, for example, a product sales manager held frequent meetings, daily during some periods, of his five subordinates in order to tell them about decisions which upper level management was making or considering. Sometimes the information had an influence on action to be taken by the product sales manager's group, and sometimes the information affected other product lines. In all cases, however, the subordinates in this product group felt they were in on what was going on in the company.

In another company quite different results, arising out of the same proposed action, were realized in two subsidiaries. The parent company management had a reorganization under consideration which would directly affect the authority and responsibility of the managements of the subsidiaries. Subsidiary managers learned of the possibility of a reorganization at a semiannual meeting of managers at the headquarters office. The matter was discussed, and the individual managers were asked to make whatever suggestions they desired. At the end of the conference there was general agreement that authority should be centralized largely at the headquarters' offices and that much of what had been done at the subsidiaries would be transferred to the home offices. The president closed the meeting with a comment that the changes would be made very slowly over the next 18 to 24 months.

The manager of the Acton subsidiary returned to his office, called a meeting of his key people, and told them of the plans for reorganization. He stated that since most of these people would be affected by the change, they should learn directly from him what the facts of the situation were. The management group of the Acton subsidiary worked out the details of transferring operations and personnel immediately, even though the actual transfer was many months in the future.

The manager of the Little subsidiary, upon his return, did not disclose to his personnel any information about the reorganization plans. In a very short time, however, rumors circulated through the Little subsidiary, which ranged from

information that the plant was to be sold to another company to statements that the plant would be closed indefinitely. The false information disrupted the entire organization, and the manager found it necessary to issue a clarifying statement of the facts. When he called his management group together to work on the details of the move, he was confronted with resentful subordinates who questioned and doubted any suggestions which he made. The resulting lack of cooperation, particularly by the key subordinates, irritated the manager, and he became arbitrary and dictatorial. The organization morale and spirit deteriorated further, and as a result the manager was transferred to another operation of the company.

The contrasting results between these two subsidiaries was striking. In the Acton subsidiary the manager realized the value of motivating employees by providing them information and giving them a part to play in accomplishing the move. This specific action by the manager plus his record, his reputation, and an acceptance by the employees of their importance made possible a smooth transfer to the home office. In the Little subsidiary it was not merely the failure to disclose the reorganization change that destroyed the organization morale; it was this omission plus a history of administrative actions by the manager which did not treat employees as worth taking into account.

The controller of a large middle western company stated that, as a company becomes larger, it becomes easier to forget the importance of apprising employees of what goes on. "Perhaps," he added, "we assume that in our specialized operations the job is done by someone else. I have to remind myself all the time that it is my job to let my people know what is taking place."

The sales manager of the Travis Company recognized the importance of motivating his subordinates through participation, and frequently asked subordinates to represent him at meetings and to work out problems with other departments which he might have done himself. One of his subordinates reported, for instance, that several months before a fall-season promotion, the sales manager became concerned about the

scheduling difficulties of the many new designs added to the line. The sales manager suggested to a subordinate that he study the problem and work out a schedule with the production department which would assure available stocks when needed. The subordinate stated that he knew very little about the intricacies of production scheduling in the beginning, but over the next two months he spent most of his time working with production personnel. He added that the promotion plan went off smoothly and profitably, and that he was stimulated to work hard to do a good job on a problem in a new area because it was a job which the manager himself usually would have handled. "The boss let me do it; I represented him and the sales department in my relations with production personnel."

When subordinates are not asked to participate, they begin to feel, as one executive put it, like orphans. In one company transportation costs constituted significant annual expenditures and had a controlling influence on the location of new plants. Despite this fact the director of traffic was never asked to participate in policy discussions or to prepare other than special studies on localities under consideration as new locations. "I know," he said, "that we cannot do so good a job on traffic problems when we do not know what is going on in the president's office. If we knew more about the company's plans or had some way of finding out, the company could have avoided some of what have turned out to be bum locations, and the company could have saved substantial freight charges."

Fair Treatment

Another factor in motivating subordinates for the creation of a team effort is fairness. It was found that in those situations in which the subordinates believed the superior to be fair, the subordinates were stimulated to work, grow, and develop. In those situations where the subordinates believed the superior was not fair, subordinates were discontented, frustrated, and generally disinterested in their jobs. Their attitude was expressed as, "Why should I work to do a better job? The boss will take the credit or give it to someone else."

It is important to note that "fairness" as an essential element of the superior-subordinate relationship is fairness from the point of view of the subordinates. The subordinates must believe that the superior is fair. This requirement is emphasized because several superiors acknowledged the significance of fairness and believed that they were fair. According to their own standards the superiors were fair, but from the subordinates' point of view they were not fair.

Fairness was found to include many aspects of business operations. It included promotion, credit or approbation for work done, opportunities to do work, opportunities to progress, judgments in appraisal, and many other incidents involved in the day-to-day conduct of the business.

The impact of unfair treatment of subordinates was observed most clearly in family corporations of small and medium size where family members were favored for opportunities and promotion. The situations and the difficulties of motivating competent nonfamily administrators when this condition exists are so familiar that detailed descriptions are unnecessary. From accepting the obvious shortcomings of nepotism in family companies, it was a short step to noting the importance of fairness in companies where favorites other than family members were involved.

In the Justice Chemical Company, for instance, product research and development were important factors for the company's success. The research department was headed by a vice president who reported directly to the president. In the research department were three main divisions, one of which was the organic chemicals division. Early in 1949, when the director of this division resigned to accept a teaching appointment in the chemistry department of a large eastern university, the vice president in charge of research had the problem of naming a new director. Since the work in the division consisted essentially of laboratory experimentation, all its 15 employees were highly trained chemists. Of the 15 men, 10 had the Doctor's degree and the other 5 had the Master's degree. Several of the 10 subordinates with Ph.D. degrees were distinguished scientists in some area of organic chemistry, and the group in the division assumed that one

of these men would be selected to direct the technical work of the group. The vice president of research, however, selected one of the five men with the Master's degree, Mr. Booth, who was 25 years old and who had had only three years' service in the division. The older and distinguished scientists resented the selection and voiced their objections vigorously to the vice president of research and the president. They pointed out that the work of the division was technical in nature, and "Mr. Booth had neither the training nor the experience to understand what was going on." Mr. Booth remained as director until six months later when two research chemists resigned to take positions with other companies, and it was apparent that the division scientists were correct in their appraisal of Booth. He was relieved and one of the older scientists was designated as director.

The subordinates in the organic chemical division reported later that they were convinced real merit had little to do with promotion after Booth was named director. If results as a scientist were the basis of advancement, and this was the stated policy of the research division, then Booth's selection was unfair and "Why should we work hard?"

In another organization the vice president in charge of production had four division heads reporting to him, one of whom became known in the organization as a crown prince. The other three division heads were convinced that whenever a "plush special" assignment came along, the crown prince would get it. For example, last winter he represented the company at three conventions in the South. And whenever a tough assignment comes along, "one of us has to carry it through." In this situation, as in others involving employee morale and employee motivation, there were no measures of the effect of the antagonism arising from the favoritism shown to the crown prince. It was not possible to calculate what differences in performance would have been achieved if the vice president had not created the firm conviction of favoritism in the minds of the other three division heads. It was observed, however, that the three who believed they were treated differently held resentments, and perhaps the most that can be said is that these feelings must have affected their performance on the job in one way or another.

One executive stated that it was impossible to have a perfect record with regard to fair treatment of all subordinates, but that, since he had learned the importance of fairness as a motivating factor of subordinates, he had been a little more thoughtful about his actions and had considered how the actions might be regarded by his subordinates.

It was found that the members of management of the companies studied were generally aware of fairness in the motivation of employees. For instance, in most of the organizations a policy of promotion from within prevailed. Subordinates in these companies reported that they liked the policy because it meant that whenever opportunities for promotion became available one of their group would get the chance rather than some outsider. In a few companies, however, even though the employees' handbooks included statements of a policy of promotion from within and though the company newspapers and magazines confirmed the policy, subordinates in the organizations were firmly convinced that these representations were shallow window dressings. In one company this was acknowledged by one executive to be the case. A review of several recent replacements indicated that outsiders were brought in for the positions, and the executive stated that, inasmuch as little had been done in the past to provide a continuous flow of competent personnel, it would be necessary to go outside the organization for some time to come.

In another case, however, where subordinates believed that the management disregarded personnel already in the organization when filling job vacancies, it was found that of the promotions made during the last year, less than 1% involved people who were brought in from the outside. The resentment of subordinates was defined as arising out of a failure by the management to make known to the organization who was promoted and when. The subordinates were not aware of any but a small fraction of the promotions made. The president of the company stressed the importance of letting the whole organization know that opportunities for advancement did exist and that the policy of promotion from within was followed.

It should be noted that although a promotion from within does constitute an important incentive to subordinates, there may be occasions when circumstances require going outside for position replacements. Strict adherence to promotion from within may result in the assignment of unqualified personnel to key positions. This result is useful neither to the man involved, the position, nor the company. In one situation, for example, an able advertising manager was promoted to the position of sales manager. The president believed that of the candidates in the company the advertising manager was the best qualified. The president had "grave doubts but pious hopes" that the man could do the job because he prided his record of never going outside the company in filling a key spot. The new sales manager started his work, but he soon found that he was "over his head." The management problems of a large salesforce were unfamiliar areas, and he became more and more unhappy as his inability to do the job became apparent. The president tried to help the sales manager, hoping that he would "catch on." Months went by and the president recognized that some action was required. He was reluctant to reassign the sales manager to his old job because he was afraid this action would emphasize the man's failure and destroy his career. Finally, a member of the executive committee of the board of directors talked to the sales manager and learned that he was "miserable and would be delighted to return to his old advertising post, an area the man really knew." Shortly thereafter the reassignment was made, and a man was brought in from the outside to succeed as sales manager.

This episode has been simplified greatly, of course, but the essential facts indicate that rigid adherence to a policy of promoting from within, while desirable generally, should not preclude exceptions when the circumstances require exceptions. When an exception is considered necessary, members of management must be assured that a careful survey has been made of *all* possible candidates within the present organization. An appraisal inventory of personnel is a useful tool for providing this assurance.

Another area of fairness was found. Here, although the action did not affect the subordinates directly, the indirect effects on their operations resulted in jeopardy to their incentive. In a large eastern candy manufacturing company, for instance, the president informed the vice president in charge of company-owned retail stores that the board of directors, largely at the insistence of the chairman of the board, had voted to close 35 of the company's 93 stores. The vice president was asked to select the 35 stores to be closed and to start action immediately to accomplish the reduction. He studied the operating records of the individual stores and found that 32, currently and for some time in the past, had been unprofitable. All the others were profitable, and while he had no misgivings about closing 32 unprofitable stores, he doubted the wisdom of stopping the operation of 3 money-making units. He listed the 32 stores to be closed, estimated the time required to accomplish the change, and then arranged a conference with the chairman of the board. When the vice president suggested to the chairman of the board that the resolution of the board be amended to provide for closing 32 rather than 35 stores, the board chairman stated emphatically, "I said to close 35 stores, and you had better close 35 stores."

The vice president reported that the board chairman's decision was regarded as arbitrary and unfair by the key personnel in the retail stores division. He added that during the next several months several store managers of profitable stores resigned, "They thought they'd better get out before their stores were closed," and the problems of restoring enthusiasm to the division were difficult. He added that he was quite sure the people in his division would have been satisfied if only the 32 unprofitable stores had been closed, but that when it was insisted that the operations of three profitable units be terminated, this decision was accepted as unfair and a real threat to their future with the company.

Several executives stated that they doubted whether it was possible to do anything effective for the development of men for management because the morale of those who were not selected to participate was jeopardized. Other executives

from companies in which development programs were in effect countered these expressed doubts by reporting that *if* the program was administered *fairly*, almost all the people in the organization would accept the elements of the program. They added that if the administration of the development plan played favorites or served the purposes of a relatively small clique in the company, any approach, no matter how cleverly devised, would be doomed from the start.

Another kind of doubt was expressed by a vice president of a large eastern company. He said, "Everybody is talking about human relations in industry today, and the president tells me to be nice to people. I am not supposed to raise my voice or give my subordinates hell. Just what kind of administration are we getting into?" Discussions with this vice president's subordinates disclosed that they thought the boss was a "wonderful superior." "Sure, he gets mad once in awhile, but when he gives me hell, I know blame well I have it coming. He sets high standards, and he expects us to live up to them. When we don't, he gives any one or all of us a bad time. He doesn't play favorites, either, and is as fair as they come."

The doubts expressed by this vice president were not uncommon, and they arise, it is believed, out of a misconception of the real meaning of administration. Much of what has been said and written in recent years about executives and administration sounds namby-pamby and wishy-washy. Operating executives find it difficult to accept these expressions of softness as a part of their approach to administration when decisions have to be made and quotas met. The significance of fairness is one of the main elements of administrative success, and executives need not accept namby-pamby methods or practices if in their operations they are fair. One executive summarized this concept when he said, "If a man sets high standards of performance and treats his subordinates fairly, he will be a good boss."

CHAPTER VII

Getting Coaches to Coach

PROVIDING for the growth and development of people through the coaching efforts of superiors does not require the adoption by superiors of new mechanical management techniques. Rather, since the coaching process is essentially the administration process, getting coaches to coach represents an effort to encourage superiors to do a better job in the work that they are already doing. It was noted earlier that people learn in the work situation, and the purpose of emphasizing coaching by superiors is to stress the importance of making the most of the learning process on the job. Whether this result is accomplished or not depends largely upon the superiors.

The willingness of superiors to devote conscious effort to the problems of developing subordinates depends mostly on their attitude. If the department head operates, as some do, on the premise, "This is a cold, cruel world; it is every man for himself and let the devil take the hindmost," there will be relatively little provision for the development of subordinates. It was found that this approach to administration was not typical in the organizations studied; sufficient examples were observed and studied, however, to indicate that in situations where superiors were concerned primarily with their own position and status, subordinates had virtually no opportunities to grow and develop.

Many other executives stated that their attitude toward subordinates could be characterized best by the Golden Rule, "Do unto others as you would have them do unto you." They stated that as a criterion for the measurement of administrative actions the Golden Rule constituted a useful reminder and a guide. It was observed that in companies in which this rule was acknowledged as the simple administrative standard and where the standard was complied with, subordinates in the organizations were encouraged to grow.

The job, then, of getting coaches to coach is essentially that of affecting the attitudes of superiors throughout the organization so that, as one executive said, "We create a body of real coaches, a group of men who are, so to speak, 'the keepers of the secrets of the tribe prepared when time knocks to pass on from failing hands the torch of knowledge to other hands trained and tested'."

An individual's attitude is usually quite well formed by the time he leaves school and starts work. It is established and formulated by inherited factors, physical environment, and the persons with whom he has associated; after he goes to work, his attitude is affected further by others in the organization, by management practices, by the results of experiences on the job, and by many other influences.[1] Changing and improving attitudes for more effective work as an administrator is not likely to be a quick or an easy process. Each person's habits and attitude are the results of years of exposure to affecting forces. If an individual's attitude does not include "Doing unto others as you would have them do unto you," a considerable period of time will be required to reshape the man's basic feeling toward people.

In some companies the fundamental concept of the responsibility of superiors for the development of subordinates is well established and accepted by the members of management. The president of one company, for instance, stated that the existence of a sense of responsibility for subordinates was a tradition in the organization; "Now we just assume that the job will be done."

In other companies in which recent efforts have been made to provide for the growth of personnel through coaching, members of management stated that the first step in establishing the approach was to advise all superiors of their responsibility, indicating that success in developing subordinates constituted an important element in the periodic appraisals of the superiors. One executive reported that he gave superiors in the organization the desire to develop others

[1] Early in this study attention was called in a quotation by Dr. Robert N. McMurry to the significance of attitude and many of its implications. The basic validity of attitude was confirmed by many executives interviewed later during the course of this project.

by telling them in the first instance that they themselves would move ahead only by developing others.

According to the president of another company, every man in the organization was aware that he would not be promoted until there was an adequate successor to fill his existing position. Without qualification this approach can be dangerous. If, in an attempt to prepare a successor, an executive concentrates his coaching attention on one man, others in the group are likely to regard the heir apparent to the boss's job as a crown prince. It was found that when members of a group who aspire to grow discover that the coaching attention of their superior is centered largely on one man, their incentive to grow and develop is seriously jeopardized. Their feelings are described by the statement of one group member in such a situation, "Why should I knock myself out? We all know who will be the next department head; guess I should have gone to Yale." Explanations as to why others in the group were neglected varied considerably, but the incident clearly brought out the principle that opportunities to grow and compete for progression on a fair basis were important incentives. When these were affected by the selection of a crown prince successor, morale and interest sagged. Executive coaches must realize that the coaching responsibility includes all members of the group and must not be centered in one man alone.

The continuing value of the promotion type of incentive to superiors depends, of course, upon the extent to which the stated policy is followed. If the president of a company announces such a policy and then promotes men who, to the knowledge of their contemporaries, have not developed personnel, the real policy rather than the stated policy will be the effective guide for members of the organization. If there are no rewards as promised by the president, but rather rewards which seem to depend upon factors other than the development of subordinates, members of management will quickly discern the basis for progression and adjust their actions accordingly. This point is stressed because in several companies considerable variance was observed between stated and real policies on this matter. Unless the policy of including

subordinate development as an important element of appraisal and as a basis for progression up through the organization has real meaning in practice, the experience of many companies is conclusive evidence that the superiors will learn the real basis for progress and try to meet these standards instead.

The possibility of promotion as an incentive to superiors to coach obviously is not possible in all situations. Men attain their peaks of performance at varying levels in the organization, and providing incentives to coach for men who have reached the end of their promotion road represents a separate problem. In several companies it was found that top management, as an integral part of company personnel development policies, provided financial incentives for those who were at the peak of their promotion possibilities. The president of one company, for instance, cited the case of a controller in one of the subsidiaries. The controller was 55 years old and although he performed satisfactorily at the division level, he was not considered qualified to go further in the organization. Over the years the controller had done an effective job of coaching subordinates, and the president encouraged a continuation of this coaching effort through personal discussions and timely substantial increases in salary.

Perhaps the key person for assuring that a policy of developing subordinates has real meaning is the company's president or chief operating executive. What he says, but, more significantly, what he does to indicate the importance and value of developing people through coaching, provides the guiding example directly for his own subordinates and indirectly for the whole organization. Unless the chief operating executive manifests personal acceptance of the concept, it is unlikely that others in the organization will do other than follow his example.

The importance of the president's policy and actions was demonstrated in many situations. In one situation, for instance, the president of a large manufacturing company in the East announced a development program consisting essentially of the coaching responsibility of superiors. He stated several times to his vice presidents that their subordinates

should "be encouraged to learn by doing," that "people learn by making mistakes," and that the vice presidents should "make every effort to provide opportunities for subordinates to do things." Shortly after these pronouncements, a vice president gave one of his subordinates a project which involved the preparation of a special report to go to the president. The subordinate worked on the problem for about ten days, and when the report was completed, submitted it to his superior, the vice president. The latter read and approved the report and forwarded it to the president. When the president studied it, he found a mistake and called in the vice president, and his first statement was, "How in hell did this happen?" The vice president explained, and the president's second statement was, "Don't ever let this kind of mistake happen again!"

It was clear to the vice president, as the result of this and other similar instances, that the president did not really mean that subordinates should be given chances to make mistakes. The president's impatience when mistakes were made indicated much more effectively than the words of the stated policy that, as one vice president said, "If you want to get along with the old man, you do everything yourself. If you don't, you are sure to get burned."

Other examples were found in which the president by his actions violated the apparent meaning of his words, with the result that coaching for the development of subordinates never became fully effective. In one company the president repeatedly stressed the importance of delegating responsibility down into the organization. He used every opportunity to state the importance of developing people by giving them chances to learn by doing. Interviews with his immediate subordinates, however, indicated that the president rarely delegated responsibility to them and that he stayed on in the company (in 1949 he was 78 years old) because he did not want to give up his authority. The vice president in charge of finance stated that even though the company was undergoing a major financial reorganization currently, "My job consists of digging up data for the president to act on; he keeps telling me I am responsible, but he never lets me do anything!"

In shaping the attitude of superiors with regard to their responsibility for the development of subordinates, company management must also observe the need for continuing and consistent compliance. In some situations a program for the growth of personnel through coaching is inaugurated with a burst of enthusiasm and acceptance by all concerned. But as the problems and difficulties of dealing with individual situations become apparent, superiors relapse into their earlier and customary habits of concern for their own positions only.

The managements of several companies met the anticipated lag in interest of superiors in coaching subordinates by requiring a semiannual or an annual review of what had been specifically done for the growth of personnel and what the plan was for the next period. The activities of one company, for example, were divided among nine operating subsidiaries. The headquarters offices consisted of a very small group of staff specialists who had no direct supervising authority over subsidiaries. As advisers they could suggest changes, but each subsidiary manager was responsible for the success of his operation. The company's president, the vice president in charge of personnel, and the vice president in charge of sales constituted an Executive Development Committee. Once a year after the annual appraisal forms had been prepared and reviewed, the manager of each subsidiary was required to come to the headquarters office, appear before this committee, and report on what he had done for the growth of personnel. When this procedure was first introduced, the subsidiary managers tried to describe their development programs in general terms. The committee made it clear very quickly that a general approach was not adequate and that they were interested in discussing each administrator as a person. Thereafter, subsidiary managers came prepared with a specific record of what had been done and what was proposed for each person with administrative responsibility in the subsidiary company.

In another company in which operations were largely decentralized to operating divisions, the president advised the manager of the division in Milwaukee that the president and the vice president for personnel would spend two days in

Milwaukee for the purpose of reviewing the growth results of coaching during the last year. Soon after the headquarters officers arrived at the division, it became apparent that the division manager had not maintained a consistent emphasis on coaching and that during the last year little could be reported with regard to personnel growth progress. When the president realized this situation, he picked up his papers and privately reminded the manager that the company policy was to encourage the growth and development of personnel and that he would return in six months to determine what progress had been made in this area. When he returned later, the division manager had complete reports ready on what had been done, together with a blueprint of plans for the next year.

These two and other similar cases illustrate the importance of the continuing interest and participation by the chief operating executive. Intellectual acceptance of the concepts of coaching is relatively easy to establish in a business organization, but maintaining and manifesting this acceptance in practice are more difficult. Here again the president is the key figure, and if he personally checks to ascertain the extent of compliance, his interest can establish the pattern of performance for the entire organization.

In many cases, however, even though the president sets an example, his subordinates may not be able to apply the same approach to their subordinates. Many vice presidents were found, for example, who were so predominantly concerned with their own status, position, and promotion possibilities that little or no attention was paid to the development of subordinates, despite the example set by the president. Other vice presidents, as the result of years of experience in doing everything themselves, had the habit of self-sufficiency so well established as a method of operating that they found it difficult to change or modify their methods of administration. Still other executives, who combined extraordinary personal abilities and capacities, were able to carry broad responsibilities without the help of subordinates except on clerical functions. The sales manager of one large company, for example, literally did everything himself, and his subordi-

nates were, as the president stated, "largely messenger boys."

To help administrators learn how to coach, how to utilize the capacities and abilities of subordinates, some companies have organized conference programs. It was recognized that trying to affect and change basic habits of administrative conduct was difficult in that such habits had been created over a long period of time and were manifested unconsciously and not as the result of logical reasoning. Accordingly, the aim of the conference was to provide opportunities for discussion of administrative problems, so that individual executives might become aware of and gain insight into the factors involved in getting things done through people.

Members of management used several approaches to achieve these objectives. In one company a few problems of administration which had arisen within the organization were written up, with disguised names, and used for discussion purposes. The conference leader in this case was the director for executive development, who reported directly to the president. Another company employed a consultant to meet with conference members weekly and discuss administrative problems suggested by the consultant. In another organization a professor of business administration led conference discussions of case problems included in *The Administrator*.[2]

Experience with the conference discussion of case problems on administration, taken either from incidents which occurred within the organization or from the book by Professors Glover and Hower, indicated that the problem presented inevitably led to a discussion of administrative problems arising out of the experiences of the conference participants. It was found that typically conference members were reminded of administrative problems they had faced personally. They would then proceed to summarize the facts, and ask other participants, "How would you handle that situation?" With the discussion centered on a problem with which the conferees were more or less familiar, members of the group were encouraged to think realistically and practically about the situation. Members of management who have employed

[2] John D. Glover and Ralph M. Hower, *The Administrator* (Chicago, Richard D. Irwin Company, 1949).

the conference method of case problems stated that it was probably desirable to start the discussion with a case situation from another company in order to establish the rapport and to enlist full participation by members of the conference group. After these preliminary steps had been accomplished, conference participants would enter the discussion spiritedly and relate personal experience problems similar to the initial one submitted by the conference leader.

One of the cases from *The Administrator* which was used effectively in several companies was the Varo Company. It is presented here to suggest the type of case problem which can be used and to illustrate the provocative questions which assist participants in considering some of the many implications present in this and other situations.

VARO MACHINE COMPANY (I)[3]

About four years after Tom Hardy had been made production control manager at the Varo Machine Company, the superintendent of the company resigned. Mr. Miller, vice president in charge of manufacturing, discussed with the company's president the problem of filling the position, and they decided to transfer Hardy from production control manager to superintendent.

The seven foremen in charge of the manufacturing departments reported to the superintendent. It was his job to supervise these foremen in operations, and one of the major requirements of the job was personnel administration. The superintendent reported to Miller.

As production control manager, Hardy had also reported to Miller. Although this job had required merely the setting up of over-all production schedules, Hardy had broadened his outlook in his four years in that position. He had studied plant operations and had gained a good understanding of technical production problems, although he had never had actual production experience. Before becoming production control manager, he had been the company's purchasing agent.

Hardy was liked by all the foremen and also by the 400-odd

[3] All names have been disguised. Case material of the Harvard Graduate School of Business Administration is prepared as a basis for class discussion. It is not designed to present either a correct or incorrect illustration of the handling of administrative problems.

employees in the shop. Both foremen and workmen had come to Hardy with personnel problems that ordinarily would have been taken up with the superintendent. It was natural, therefore, that Hardy was transferred to the superintendent's position when it became vacant. Miller, however, who was 50 years old and 10 years Hardy's senior, had some doubts about the move. Miller had been a machinist in his early days with the company and had worked up through the ranks to his position of vice president in charge of production. He did not think that Hardy had an adequate technical background for the position of superintendent.

After Hardy had been superintendent for several months, friction developed between Hardy and Miller. Miller complained to the president that Hardy was opinionated, gave snap judgments, and knew little about technical processes.

About a year after Hardy became superintendent, this friction had become more pronounced and was aggravated by pressure of work caused by several important contracts taken on by the company. Miller complained to the president that Hardy did not have the technical background necessary to meet the technical problems arising in connection with the new work. The president thought Hardy was a valuable man as a personnel administrator, however, and would not agree to dismissing him. Finally the president called in a firm of management consultants to make an organization study which would include the evaluation of key men; in this way he sought to receive advice from the management consultants as to what action should be taken on the Hardy matter.

The management consultant assigned to the problem spent about two weeks talking informally with each executive and key man on down to the rank of subforeman. He discussed with each man what his job was: what he depended on other departments or key men for; what difficulties he experienced in executing his job; what types of problems he met; and how he solved them.

During the course of the management consultant's association with Hardy and Miller, each discussed his personal relationships fully on a businesslike basis, knowing that the management consultant would not use the information in such a way as to cause him embarrassment.

The management consultant concluded that Hardy's judgment was excellent and that he had a keen sense of human

understanding in dealing with personal problems of his subordinates. His subordinates liked him, and although he did not know all the technical aspects of operations in their departments, they said he was helpful to them in solving technical problems by suggesting possible ways of doing things. Many of these suggestions, they said, were no good but by talking the technical problems over with him they got new ideas. Hardy did not try to force his unworkable ideas on them. They said he was exacting, however, in finding out why an idea was not good and that often in trying to explain why it was impracticable they found that their first reaction was wrong and that the method suggested would work although they had never tried it before. The foremen said that between Hardy and the methods engineer, whose job it was to design tools and specify methods, they felt they had all the technical assistance they needed.

The management consultant found that Miller was an "average" manufacturing head who did a fair job of coordinating the efforts of men reporting to him, although he frequently gave instructions to subordinates regarding rather minor administrative phases of their departments. Those reporting to him were the superintendent, the production control manager, the methods engineer, the industrial engineer, the maintenance foreman, the chief inspector, and the purchasing agent.

The management consultant was present at many informal conferences between Hardy and Miller as they went about their work. He observed that Hardy could analyze a problem in a fraction of the time that it took Miller, and that usually his judgment was better than Miller's even on problems that Miller had thought over prior to presenting them to Hardy. Often Miller would call Hardy to his office and ask him if he did not think they had better make a certain move. Hardy's penetrating mind enabled him to analyze the proposal in a flash and to inform Miller immediately why such a move should not be made.

QUESTIONS — VARO MACHINE COMPANY

1. What qualities, do you suppose, did Mr. Miller possess which helped him rise up through the ranks from machinist to vice president in charge of production? Which positions is it likely he held in the course of his career with the company?

2. What qualities — attitude, behavior, etc. — did Mr. Miller probably see in Hardy which led him at least to approve of, if not to endorse strongly:
   a) the appointment of Hardy to be purchasing agent?
   b) the transfer of Hardy from purchasing agent to production control manager?
   c) the transfer of Hardy from production control manager to superintendent?
3. What do you make of the foremen's reactions to and appraisals of Hardy after he had been their superintendent for some months? What do you make of Hardy's way of working with the foremen, after he became superintendent?
4. Why, from time to time when Mr. Miller would ask Hardy if he did not think they should make a certain move, did Hardy inform Miller immediately why such a move should not be made?
5. What, do you suppose, was Hardy's appraisal of Miller? How, do you suppose, did Hardy come to reach this appraisal? What do you think of this appraisal? What kind of an appraisal of Miller by Hardy is useful or necessary as a basis of a cooperative relationship between the two?
6. How do you interpret Miller's complaint against Hardy and what do you think of it?
7. What, if anything, would you do in this situation if you were the president of the Varo Machine Company, and if all the facts and opinions in the case as written were known to you? What, would you expect, would be the reactions of various individuals and groups to your action or inaction: Miller's? Hardy's? the foremen's? the chief engineer's? the purchasing agent's? What would be the long-run impact of your action or inaction on the attitude of these people?
8. How well would you guess that Hardy used the services of the staff departments under Miller's jurisdiction?

In those companies where conferences on case problems were used, management members who sponsored the program reported several useful generalizations basic to a reshaping of participants' attitudes in administration.

1. The conference leader plays an important role, not in "directing" the nature of the discussion, but rather in encouraging full freedom of participation by the con-

ference members. The leader must pose challenging questions, but he should never attempt to provide an answer. His function is to help the members of the group to learn, but he should not be a "teacher who tells or lectures." The real contribution of this type of conference discussion consists of providing the environment within which each member learns for himself. The leader, also, must stay out of the discussion except as the occasion necessitates keeping the meeting from degenerating into a "bull" session.

2. A conference program should start with the top members of management. In one company members of the board of directors and the president were the participants in the first abbreviated series of conferences. Thereafter, the vice presidents attended one series and department heads another series of conferences. The importance of the presence of the president and chief operating executives has been indicated earlier, and it was found that in creating acceptance of the conference idea, the president by his knowledge, participation in the program, and enthusiastic sponsorship, set the tone of acceptance by the rest of the organization.

3. Members of the group should be from the same organizational level. Superiors and subordinates should not be in the same conference group. Executives from several companies reported that when the conference group included superiors and subordinates, full discussion did not result. Subordinates were either silent or extremely cautious of comments made in the presence of superiors. The learning value of case conferences to strengthen the administrative abilities of people depends on full discussion and participation by the members.

4. The conferences should be arranged as to both time and place, so that members will not be interrupted by the demands of operations. Once the case discussion starts, telephone calls and personal calls from subordinates should not be permitted.

5. When information relative to the conference program is made available to members of management, care must be exercised to avoid reference to "training" or "school." It was found that administrators generally resent a return to the classroom or a subjection to training. Perhaps part of the explanation lies in unfortunate connotations of these words to some people. In one company the meetings are designated as "Management Conferences" and in another they are known as "Conferences on Administration." In these two situations no instances of resistance were reported or observed.

6. The case conference idea should not be a one-shot attempt to modify the attitudes of administrators. In one company it was found that a series of 12 weekly meetings for a group of 20 department heads twice a year provided suitable intervals for personal practice on the job and a strengthening of objectives when members returned to the conference group discussions later. The experience to date with conferences as a means of helping coaches to coach has not indicated any trustworthy standard as to the length of the series or the frequency.

It will be noted that what has been described as a conference program is a special type of conference. This distinction is stressed because it was found that many companies studied during the course of the investigation held so-called training conferences of various kinds and with various objectives. Although some of these conference programs may have contributed a little to the business knowledge of the participants, few were organized to achieve a contribution to the administrative attitudes and coaching capacities of the members.

A series of case problem conferences organized to provide for the development of administrative capacities does not attempt to achieve verbal and intellectual acceptance of "principles of management" or "rules for the administrator." Unfortunately, it is believed, a considerable number of company programs are dedicated to teaching rules for the admin-

istrator to observe. These rules, once learned, can be repeated according to the lesson, but there is real doubt as to the extent to which application of the rules becomes part of the participant's way of operating his department or division. In one company, for instance, at the end of each group meeting the conference leader distributed to all participants a wallet-size card which listed the rules or principles discussed during the period. It was intended that the card should constitute a useful reminder to administrators, but it was doubtful that the lessons stated would ever be effective unless the individual participants accepted and incorporated the "principles" as part of their unconscious habits of action.

It will be noted, too, that the case conference does not include a lecture or a summary by the group leader. This distinction from the typical training conference is purposeful. Executives from several companies reported that lectures and summaries have not been effective in developing administrative capacities, even when given by an "inspired lecturer."

Briefly stated, the case conference is intended as a method of helping administrators to learn how to coach. Coaching, or administration, depends largely on the attitude of the administrator, and it was found that an effective way of reshaping attitude was through participation in a case conference program. The results of such programs, because they are concerned with attitude, are not measurable. Participants do not come away from the meetings with any discernible changes or with any objective evidences of growth. The changes, however, do occur; they are deep seated and profound from an administrative point of view. Most men who have participated in such a program have gained real insight into the administrative process and while they probably could not describe the specific benefits exactly, their performance on the job later as executives has demonstrated the administrative value of case discussions.

Other Coaching Problems

A misleading conception of the ease of coaching may be gained from the presentation of the necessarily greatly simpli-

fied evidence found in the companies studied. Although it is believed that the coaching efforts of superiors constitute the primary and basic method for the growth and development of subordinates, there are, nevertheless, a number of problems of coaching which will be discussed briefly here.

It was found that notwithstanding the coaching example of the chief operating executives, as well as participation in management conferences on administration and the knowledge that development of subordinates was an important appraisal criterion, some superiors still did not do anything effective in coaching their immediate subordinates. In some cases the superiors who were reluctant or unable to develop subordinates were older men who occupied their positions largely as the result of seniority. They had worked for the company for 35 to 40 years and had gradually moved into middle-management positions. Having spent a business lifetime in achieving the position, they believed that everyone else should spend an equal length of time in arriving at the same level. Instead of helping younger people to grow and progress, they actively resisted efforts of subordinates to learn by doing. These situations were not uncommon.

In other cases superiors refused to help subordinates through coaching efforts because they were afraid the subordinates would become their bosses. This situation was found to be particularly true in companies that were not expanding and therefore not growing in management opportunities. In expanding companies superiors seemed to be more eager to develop subordinates because of an awareness of the other and greater opportunities within the organization for the utilization of the superiors' abilities.

Sometimes superiors were not interested in supervision. A considerable number of executives in responsible positions made the assumption, "Everyone wants to get ahead, to be promoted to positions involving supervision of others." It was soon found, however, that this was not the case; all people do not want to get ahead in the organization, and all people are not interested in promotions to positions of responsibility requiring the supervision of others. If coercion and pressure are used to force a man into taking an administrative position,

it is more than likely that the unhappy administrator, disliking the responsibility for subordinates, will do nothing to promote their growth.

Many situations were found in which people were promoted to administrative positions they did not want and others in which people refused to accept administrative positions, preferring to remain where they were. Recognition of these types of situations is stressed here because a considerable number of executives assumed erroneously that everyone wants administrative responsibilities. In a manufacturing company in New York, for instance, the controller asked three subordinates to accept positions in other functional departments of the company as part of a planned experience progression and as a step to higher positions in the controller's department. Only one of the three men was willing to make the move; the other two stated that they were "perfectly happy to do what they were doing for the rest of their lives."

In another company the plant manager believed that the man who handled all procurement possessed administrative qualifications for greater responsibility. When promotion to a position which involved supervision of twelve others was offered, the procurement specialist declined. He stated that he did not want to be bothered by the problems of people and preferred to remain in his present job.

Sometimes employees who know they do not want to become responsible for the administration of others are "persuaded" to accept the responsibility against their desires. It was found that the unhappily promoted superior rarely becomes an effective coach of subordinates.

Another reason why some superiors were not effective in developing subordinates was that the subordinates had reached the peak of their attainments and were not developable further. Many executives stated that it was important to recognize that people reached their maximum degree of productiveness at various levels, and as one man said, "It is no more possible to develop some people than it is to change lead into silver." The exercise of caution, however, is required in an appraisal of the extent to which this reason is valid in any situation, because it was found that the reason

was suggested frequently by superiors as an excuse for not developing subordinates.

When it is determined that an effective coaching job is not being accomplished in a particular situation, investigation of the circumstances is required before action is taken. This would appear to be an obvious step, but it was observed that some executives took action, in a few cases discharging the noneffective coach, without first finding out why the development efforts had not been successful. The reason for the lack of development may be the lack of developable capacities in the subordinates, rather than in the superior's shortcomings as a coach.

When it is found that key men in middle or top management positions do not in fact, and for any of a number of reasons, develop their subordinates, some action is required. In some companies where this was the case, top management and the board of directors were lulled into a false impression of organization ability when able men occupied the key positions. They neglected the impact which an unforeseen death or resignation might have on the organizational strength of the company.

In one company it was the policy to discharge any administrator who, though doing a very satisfactory job in other respects, did not develop the people who worked for him. This rather drastic policy disregarded the contributions such as a man might make to the company when he was utilized in a position which did not require supervision of others.

The opposite extreme was found in a midwestern manufacturing company where the president reported that when he discovered that a key man did not coach subordinates, he relieved that man, but made every effort to find a suitable position for him in the organization in order to use his abilities and experience. One man, for example, in the headquarters sales department was given three new positions over a period of two years in an attempt to find his niche in the organization. Today he is, as the president stated, "doing a grand job as a one-man team in market research."

In several companies executives said they believed that it was impossible to reassign a man within the organization

when he had failed as an administrator in a key position. While no generalization to the contrary is possible, case evidence studied during the survey indicates that instead of discharging a man or leaving him in a position after his incapacities have been conclusively determined, consideration should be given to every alternative that exists for the continued employment of the man in a position for which he is qualified.

This point is stressed here because of the views expressed by some executives and the policies followed in a few companies. Such views and policies were based on the questioned premise that men cannot be reassigned within the organization when they have failed as administrators. It is suggested that consideration be given to alternative assignments before men are discharged or before deterioration in performance is permitted.

CHAPTER VIII

Administration of Development Programs

The adoption by company managements of all or part of the main elements of an executive development program discussed in previous chapters depends, of course, upon the need for such a program in each company's situation. In some organizations key personnel may be young and may be performing creditable jobs; the urgency, therefore, for immediate full-scale action is less acute. This does not mean that nothing can or should be done, but only that because there is no immediate need for replacements the adoption of a quick and complete development program is not urgent. In other organizations, where death and unexpected separations have created the need for immediate replacements, the company's program may be started through concentrated attention on the development of potential successors. Later, after the current emergency has been met, efforts can be directed toward expanding the development program to include job specifications and process forms for personal appraisals. In other companies the nature of the organization, such as a relatively small number in the executive group or intimate relationships already established as the way of doing business, may make unnecessary the adoption of formal job specifications and appraisal forms.

In still other companies parts of a development program may now be in effect, and may be proving useful. It is doubtful whether these should be scrapped without study to see if they conform with the desirable elements of a new and more complete program. In the Essex Company, for example, the general manager of one of its six subsidiaries organized and directed an effective coaching program for the development of subordinates. When the headquarters officers adopted an integrated program, the subsidiary which had pioneered its own methods of development was exempted from the com-

pany-wide program. In this connection it should be noted that in many companies effective practices and methods for the growth and development of people are directed by department, division, and subsidiary managers. Before any steps are taken to establish company programs, it is suggested that investigation and evaluation be made of practices already existing in the organization. The top members of several managements were unaware of some of the excellent development approaches employed in lower echelons.

Although an integrated program includes job specifications, periodic personnel appraisals, and affirmative methods for development, relatively few companies were found in which all three elements were present. Certainly, it is possible to start at any point, and it is probably more important to start somewhere than it is to delay action until a thorough and complete program is ready for adoption. In this regard, the managements of several companies initiated their approach through trial efforts in one section of the organization, both to test their methods and to define errors and shortcomings before company-wide adoption.

Even though operations and the growth of personnel cannot be separated, as indicated in Chapter V, many tasks inherent in the administration of any approach to a development program remain to be done by nonoperating personnel. In some companies these functions have been delegated to the top personnel officers of the organization or to a small section of the personnel department. In other companies a new and separate section has been created, responsible directly to the chief operating executive and designated as Executive Development Coordination, Director of Development Programs, or some similar name.

Whether the responsibility is assigned to the personnel department or to a section reporting directly to the president, the following list suggests some of the aspects of executive development programs which should be performed by personnel of the nonoperating staff.

1. They should serve as a central clearing house for the determination of personnel requirements.

2. They participate in recruitment and selection of new employees. It should be noted that "participation" is stressed. In several companies operating executives expressed considerable dissatisfaction with the college graduates recruited by representatives of personnel departments. In one company a vice president in charge of sales who was unhappy about the caliber of young men brought to the headquarters offices for final interview, investigated the recruitment methods. He found that "a scared youngster with no experience other than personnel work represented the company at the colleges where prospective employees were interviewed." Further, "top men in college graduating classes were so unimpressed with the man who personified our company that they took jobs with other companies, sometimes our competitors. They got the cream, and we got the skim milk."

   Practices and effectiveness of recruitment methods will vary among companies, but generally it can be concluded that operating executives have a responsibility in the recruitment and selection of new employees. It is not enough to interview men who are "sent in" by personnel department employees. There must be assurance that competent, potential executive personnel are attracted in the first instance. The procedures discussed in Chapter II on specifications for the employment of new personnel were found useful as standards.

3. They supervise and assist in the preparation of job specifications. Here again, the help and cooperation of operating executives will be required; the task consists of getting the job done — of studying the experiences and getting the judgments of operating executives and then summarizing the data in useful form.

4. They supervise formulation, preparation, and summarization of appraisal forms.

5. They assist in the preparation of status and replacement tables.

6. They maintain files on all executive and potential executive personnel. The use of files was mentioned earlier, and their value is stressed here again to underline the importance of a central source of personal growth histories. Too often the experiences, opportunities, and growth rates of people are overlooked, and misleading evidence based on the most recent impressions serves as the basis for promotions, increased compensation, or other matters affecting the organization's executives. Well-maintained files with previous and current objective evidence on the men can serve a very useful purpose.
7. They assist in arrangements for conference programs.
8. They assist in preparation of job progression plans.
9. They assist in arranging the special development plans which will arise for the growth of potential executives with special problems. Here again, it should be emphasized that growth and development must be regarded as involving the growth and development of individuals. People as individuals are unique, and in a very real sense there must be as many development practices as there are people in the organization. This is an overstatement, to be sure, but the not uncommon efforts of some managements to regard development as a mass proposition prompts our reminding ourselves that people are different.

The job specifications for the function of supervising the details of an executive development program will vary among companies, as will the job descriptions. In one company the functions of the coordinator for executive development were described as follows:

1. Responsible directly to the President for promoting, directing, and counseling all organizational levels in Company on matters of executive development.
2. Secretary of Company's Executive Development Committee consisting of the President, Executive Vice President, Vice President in charge of Manufacturing, Vice President in charge of Marketing, General Manager of Manufacturing, and General Manager of Marketing.

3. Assists in the development of present and ideal organization charts.
4. Assists in the preparation of Replacement Tables.
5. Assists in the preparation of Development Schedules.
6. Prepares analyses of composite appraisals for review with appropriate executives.
7. Maintains files related to Executive Development Program.
8. Performs research and development work in connection with improving present techniques and procedures for the development of executives and potential executives.

NOTE: Since most of the above-outlined functions relate to executives in the organization, the work is of a highly confidential nature.

What has been said about the functions of the group in the organization charged with performing the non-operating aspects of executive development indicates by implication that the job is essentially that of a staff rather than a line nature. Effective handling of relationships with line or operating executives in this area of executive development is both delicate and difficult. Several personnel department employees and executive development coordinators were found who believed they had to have authority over operating executives to do the job of developing people. Any manifestation, however, direct or indirect, that operations must be subjugated to staff recommendations on executive development is likely to be resented and resisted by operating executives. Their resistance may not be apparent immediately, but case after case was found where little was accomplished in the development of subordinates when those charged with the task of administering the program indicated, "You will prepare these appraisal forms, or you will do this or that."

For instance, in one company which operated largely through decentralized subsidiaries, the headquarters vice president in charge of sales stated that inasmuch as each subsidiary manager was charged with a profit and loss responsibility, these managers uniformly did not want what was described as "interference from those college boys in personnel." One of the subsidiary managers reported that every

time the personnel department came down "with their so-called training programs, they indicated quite clearly that the program would be adopted. I am responsible for the profit or loss of this subsidiary, and those so and so's are not going to tell me how to run my affairs."

Many other illustrative examples were found, and many will occur to the reader. Implementation of an executive development program depends in large part on the skill exercised by the executive development director in fulfilling his responsibilities as a staff officer.[1]

A main conclusion of this study is that executives and potential executives learn by doing and that the best approach for the growth and development of people in an organization consists of planned job progression and the coaching efforts of superiors. This conclusion does not mean, however, that a company's executive development coordinator, director, or officer charged with supervising a program cannot or should not consider other supplementary methods. During the course of this study several additional approaches were studied and two of these will be discussed briefly in the next section.

Advanced Management Programs

While the principal locus for the growth and development of administrators is in the job relationship between superior and subordinate, other supplementary approaches were found to be in use and useful. Perhaps the most significant of these was the Advanced Management Program initiated at the Harvard Business School and now offered by a number of other educational institutions.

The managements of many companies have found that their organizations consist largely of groups of highly skilled specialists.[2] For instance, men who started with a company

[1] A useful discussion of some of the problems of staff relationships will be found in *The Journal of Social Issues*, Volume IV, No. 3, Summer 1948. "The Consultant Role and Organizational Leadership: Improving Human Relations in Industry."

[2] "One of the tragedies of conventional industry is that it grooves men and women, that it limits their horizons immediately and keeps them limited indefinitely. Only a few ever emerge from the strait jacket of industry to become leaders in the real sense of the word. These men are largely products of a bizarre combination of luck, unusual individual capacity, and availability....Where

in the production department twenty years ago have moved upward and now occupy positions of responsibility in the production department. Their experience has not included work in other functions, and it was a rare man, indeed, who was able to look at his job in terms other than production. Many managements believe that it would not be feasible or practicable to transfer key production personnel to equivalent positions in another function, to sales, for example. Without a background of sales work the risks of assigning a production department head to a position as head of a sales department were believed to be too great. Perhaps rotation to other functions could have been accomplished when the man who now directs the production department was at a much earlier stage in his business career, but (1) that possibility does not solve the present problem of specialization in the various functions, and (2) there is real question whether the *kinds* of interfunctional experience gained at the lower levels in the organization are the *kinds* of interfunctional experiences which will be useful at upper level functional positions. One of the objectives of advanced management programs is to give business-trained specialists an awareness of the operations and problems of other functions.

Administrators on the job typically are extraordinarily busy men. One of their common complaints was, "There is so much to do each day under pressure that there just plain is not any time to think." Many executives, in addition to working long hours, seem impelled to carry large brief cases home for evening work. One executive stated, "There has been much criticism of executives for their apparent lack of a business philosophy, but we don't have the time to think out an implementation of our philosophy in terms of our day-to-

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industry should have produced men of genuine vision, men of sensibility, men of breadth and depth, men tuned to the times and capable of courageous action, it has given us, on the whole, nonentities puffed out with their own importance, blown up to Gargantuan stature by a corps of "yes men" whose sole occupation it has been to isolate their leaders from all ideas, to inculcate the insidious consciousness of infallibility — men to whom power was everything and profit the only key to that power. In an industrial world where are the thoughtful men?" H. Frederick Wilkie, *A Rebel Yells* (New York, D. Van Nostrand Company, Inc., 1946), p. 268. Mr. Wilkie suggests that one of the ways of developing broad, wide-experienced leaders is through intelligent rotation, that is, "the exposure of the individual to *all* phases of industry rather than isolating him in one job and making an expert of him" (p. 270).

day decisions." Another objective, therefore, of the advanced management program is to meet this need. Mature business managers, given the time and the associations with other business managers and Faculty members, have the opportunity to consider and think through some of the variables in the formulation of their own social philosophies.

A third key objective of the program is to assist participants in understanding better what is involved in administration, that is, in getting things done through people. Here again, there is no attempt to formulate and suggest for adoption a series of rules or principles. Each man, through participation in class case discussions, has the opportunity for reorienting his own attitudes and thinking about people. Many who have attended the course reported that they could not define specifically what they had learned, but they knew that, "Something happened to my thinking about administration which profoundly affected my attitude on the job."

It is difficult, of course, to measure the extent to which participation in an advanced management program has contributed to greater administrative effectiveness of the participants. One member said, "No one will ever be able to prove that the company will make more money because I attended, but I know the exposure was worth while." Perhaps, the more specific comments of men who attended an advanced management course, worked for two or three years, and then reported their conclusions, would be valid measures of the program's results.

One executive stated:

> . . . it is very difficult to point out specific applications of information or benefits obtained from the Advanced Management Program inasmuch as the benefits are usually applied unconsciously rather than by picking out some specific case or principle for application in one's work.
>
> Apparently some of our people expect a radical change to take place in an employee upon his return. I do not believe that the course was intended to accomplish this nor should it be expected since such changes which do take place are almost unnoticeable and each individual will retain his own inherent characteristics. Instead, the course emphasizes the practical

application of human relations principles with which all of us are already more or less familiar but which at times are overlooked in our desire to solve problems in the most logical and sound manner. Through the advanced management program, however, a participant should be able in general to temper his actions and reasoning along the lines accepted today for dealing with people in business and industry and this I have attempted to do. The real benefit of the course should show up in an individual as he progresses in an organization through his greater knowledge and ability to handle almost any problem which arises in any area based upon the principles brought out in the various courses.

Another executive reported:

This course pointed out policies and practices of business in the past that have resulted in severe and sometimes almost crippling legislation; it pointed out practices that still are prevalent in business in general with the very strong warning that if business does not set its own house in order it will be set in order for it in a way that will make it difficult if not impossible to conduct business, and for that matter our American way of life, as we now do.

Other comments were:

The real value of the program lies in its ability to mature a man's judgment — and to bring him to his period of peak productivity faster than would otherwise be the case.

* * *

I sincerely feel that new avenues of thought and methods of doing my work were opened to me and that I am gaining by following through.

* * *

I gained most from the discussions of the techniques and procedures employed in collective bargaining.

* * *

...my reaction to the whole course was most favorable particularly because underlying the entire program, regardless of the topical breakdown involved, was the basic principle of a search for improvement in human relations. I cannot help but feel that I not only gained a great deal from the study of

the various phases in human relations, but in my day to day activities I have been able to utilize, in tangible and intangible ways, the knowledge thus gained.

* * *

The program brought out the necessity of defining the responsibility and authority of all people in the organization.

* * *

I now have a very clear picture of how dependent we, as manufacturers, are on the sales department and can understand the reasons for our cooperating promptly to meet their demands. This has been most helpful during the last few months during the transition from a sellers' to a buyers' market.

* * *

I personally feel that the broadening of viewpoint by personal contacts and by the systematic, organized studying of fundamental business principles has far outweighed any specific benefits I might enumerate.

To date, approximately 1,250 executives from over 250 companies have attended the Advanced Management Program at Harvard, and other schools report a growing interest and attendance at their courses. Many schools throughout the United States, which are not now active in this phase of adult education, are working on programs, and within a few years their courses will be available to business managements.

Committees

In a few of the companies studied it was found that committees were used as a method for the business education and experience of younger members of management. In one company the committee idea was so prevalent as an integral part of operations that the president characterized the organization as the Universal Committee Company, rather than as the Universal Manufacturing Company. He added that for his purposes a committee was never organized for action, for getting things done. Rather, when committee members from several of the various functions worked together, they all learned what some of the problems were in departments other

than their own, and developed an awareness of business knowledge which was useful in subsequent interfunctional relationships. No effort was made in this study to consider the many problems of committees as a tool for administration. Insufficient evidence was found to indicate the value of using committees for development purposes, and the subject is mentioned merely to suggest management's consideration of committees as another personnel development approach.

The general manager of one company reported that committees constituted a very useful means for bringing together the different points of view found in the company's various functions. It was especially helpful, he thought, to the highly specialized and technical men in the research department. He stated, "It was the rare research man, indeed, who had any idea of production problems or sales problems." An example was cited in which a new consumers' drug product was compounded in the research department, but executives in the sales department quickly pointed out that an aromatic addition would be necessary to make the product acceptable to consumers. The scientists who developed the product and the director of research resisted bitterly the addition of anything to a product which "medically was better than anything on the market."

The general manager asked the chairman of the new products committee to call a meeting of all those members of the management with a direct interest in the prepared product. In this company the chairman of each committee was the only permanent member; others were asked to serve when the topics to be discussed involved their operations. The general manager stated that this practice made it possible to charge the chairman with responsibility for action on matters discussed. Also, it permitted great flexibility in arranging committee membership according to the nature of the problems.

At the meeting of the new products committee, the sales department manager presented a report on the trial distribution of the new product in a selected small marketing area. This report indicated that the strong medicinal odor of the product was objectionable to users. The sales personnel who

directed the trial distribution reported their discussions with consumers, and it became apparent that without added aromatics consumers preferred to buy and use the less effective product of a competitor. The company's general manager stated that he was convinced that acceptance by the scientists of the idea that an aromatic substance needed to be added was made possible by the committee discussion of the problem. He added that he doubted whether the research personnel would have capitulated if they had been approached directly. The exposure of their reasons for resistance, however, to the executives from other functions disclosed the invalidity of their position. Again, this case situation as reported has been greatly simplified, but the manager of the organization was firm in his belief that the committee device served a useful purpose.

CHAPTER IX

Summary and Conclusions

As indicated in the Introduction, the purpose of this study has been to examine the practices, methods, and procedures employed in selected manufacturing companies for the growth and development of their executives and potential executives. No attempt was made to determine the typical approach found in manufacturing companies, for the objective has been to define what seem to be the best methods. It is hoped that the managements of manufacturing and other companies may find the conclusions useful in their efforts to stimulate personnel growth in their respective organizations.

While the case evidence in this study was secured largely from manufacturing companies, it is believed that the findings arising out of the evidence have application to any organization of people. The job of the administrator, the executive, is essentially the same in manufacturing, wholesale, retail, mining, and service companies, as well as in community, social, church, and other similar organizations. To be sure, there are differences in the requirements of job knowledge, skills, and personality traits, but the one common thread found in all organizations is the job of the leader to get things done through group effort. It is this element, the ability to organize and direct the energies of a group of people for the accomplishment of a stated objective, which distinguishes the administrator.

It became apparent as the project progressed that a considerable amount of further study could have been, and probably should have been, devoted to specific aspects of the personnel growth problem. For example, each of the major elements of development programs, job specifications, appraisals, and development methods, could easily become the separate topics of major studies. It is hoped that further investigations

will be carried on in this field, for we have much to learn about the social problems of our industrial civilization. Unquestionably the social sciences have lagged, and one of today's important problems is that of finding and developing administrators with the "*ability to think and act responsibly, to work cooperatively with others, and to provide others with opportunities to work effectively and with satisfaction within the group.*"

The case examples which have been presented as supporting evidence for the conclusions outlined here were greatly simplified, of course. The very nature of a discussion of human relationships makes difficult the task of determining the facts, resolving their meaning, and reporting the findings in their proper context. Considerable effort has been made to separate misleading expressions of sentiments, to reproduce realistically the circumstances of individual situations and to report faithfully the findings. If some of the situations seem unreal or impossible, it is the fault of the author, for every example used in this volume originated in an actual business organization.

A related problem involved in a study of this nature is that of cause and effect. Many complex and interdependent factors bear on any human relationship. To state that because a superior did thus, the subordinate responded so is only possible after a thoroughgoing study of the whole situation. Even then, there is no simple and direct cause and effect relationship. In addition, misinterpretations by the observer or the reader may result in misleading and erroneous conclusions. The difficulties of this problem of research in the area are acknowledged. But with recognition of the hazard, an effort has been made to determine for the use of business managements what seem to be illustrative examples of the effective approaches for the growth and development of executives. Many students of the subject have been reluctant to report their tentative findings because of the problem of presentation. Subject, however, to the infirmities of adequate qualifying phraseology, the main conclusions are herewith summarized.

For the purposes of developing executives in individual organizations no universally applicable list of quantities of

qualities was found during the course of this study. There is no such thing as the ideal executive who can effectively fulfill the function of administration in each position in every organization. Care must be exercised to distinguish the definition of so-called executive qualities for growth and development objectives in individual companies from the listing of high general standards which serve as desiderata for all responsible businessmen.

For the latter purpose Dean Donald K. David[1] listed the qualities of an ideal executive as:

1. The ability to get other people to work effectively.
2. The ability to make decisions in the light of the facts available and under the pressure of time.
3. The instinctive acceptance of responsibility.
4. An understanding of the economic, social, and political forces which shape the environment within which he operates.

Certainly, these are desirable goals for every responsible businessman. But for purposes of the development of particular persons for particular positions in particular companies in particular situations more detailed and specific qualifications are needed. The executive capacities and skills required in each situation will vary, and the determination of what is required must be arrived at in terms of the working environment in which they are exercised.

After the desired standards for each administrative position in the organization have been defined, appraisals of the people are necessary so that the qualities of the man can be matched against the specified requirements of the job. But, in addition, the appraisals serve as a pin point of personal weaknesses for development attention and are an important incentive to the employees appraised.

The appraisal process is a method of inventorying the human assets of an organization on a systematic and orderly basis. In every organization informal personal appraisals are made continuously as a part of operations. And the

[1] Dean Donald K. David, Harvard Business School. An address delivered before the Harvard Business School Club of New York, 1948.

purpose of periodic and systematic appraisals is an effort to make the process as objective as possible, even though it is recognized that the techniques for personal appraisal lack absolutely trustworthy precision.

As in the case of job specifications, here again the elements included in the appraisal form must be related to the situation to which they apply. The terms "imagination," "loyalty," "ability to get along with people," for example, in one situation may mean something quite different from what they mean in another case. The terms used in a company appraisal form, therefore, constitute the language for the appraisal process in that company.

The basic premise of personal appraisals is that a man's abilities and capabilities can be determined best by what he has done, a study of his record on the job. This premise was found also in the techniques which Dr. Robert N. McMurry developed and used in the Pattern Interview for the selection of personnel in many companies.

To serve the purposes for which appraisal forms and the appraisal process are intended, it is extremely important that commensurate care is exercised to assure, so far as possible, unbiased and fair results. In many situations those asked to prepare the appraisal forms did not take the time to do more than observe the mechanistic requirements of the form. The results were worse than if no appraisal form system had been used because those who used the report assumed that the performance reported was valid. The importance of care in the preparation of appraisals is reemphasized because without it almost irreparable damage can be done to individuals and to their organizations.

The preparation of job specifications and of an inventory of personnel are largely preliminary steps to the useful core of a complete executive development program. To be sure, the information resulting from the accomplishment of the first two steps has independent value, but the achievement of the objective, developing people for management positions, will depend upon what is done affirmatively with the data produced.

A major conclusion of this study is that the most effective

way of learning what is involved in the performance of executive functions is by doing. People learn by doing, and no adequate substitute was observed during the course of this study. This belief does not mean, of course, that individuals cannot learn through participation in off-the-job growth and development efforts. There are many augmentative sources of business knowledge which contribute to the capacities of executives and potential executives. But the main and fundamental method of developing executive skills and capacities lies in providing opportunities for administrators to learn by doing.

In some companies, providing opportunities to perform the job constitutes the single method of developing subordinates. In many others, however, members of management indicated by their statements and their practices that they largely overlooked the learning possibilities of on-the-job growth. The best classroom possible is to be found in the work situation and, unfortunately, many organizations do not take advantage of its educational possibilities.

The evidence on what was involved in learning by doing indicated two main segments of the topic, job progression and coaching of subordinates by superiors. With regard to job progression it was found that in many companies substantive job knowledge was defined for each administrative position, and then planned paths of progression to provide the required job knowledge were defined. In this way men who passed through the planned paths were given exposures to a variety of operations and thereby had a wide background of business experience when they reached the higher levels. Planning the job knowledge steps for potential upper-level executives is far better than leaving the accumulation of this knowledge to chance and fortuitous assignment.

Inasmuch as people learn by doing, the superior officer is the real determinant of what his subordinates learn on the job. The superior controls the work situation to a large extent so far as his subordinates are concerned, and whether or not subordinates have opportunities to perform on the job depends on what the superior does or does not do.

To emphasize the affirmative role of the superior, the

process by which superiors get things done through subordinates was described as coaching. What is involved in coaching does not constitute some new method or practice for dealing with subordinates. Rather, coaching represents another way of looking at the administrative process. Coaching is administration, and administration is coaching.

The elements involved in coaching were divided into five major segments:

1. Subordinates must be given opportunities to perform.
2. The superior must counsel subordinates, using the work situation as the framework for counseling.
3. The superior must create a team of his subordinates, sometimes described as motivation.
4. The relationship between superior and subordinates must be characterized as one of mutual confidence, a climate of confidence.
5. The superior must set the standards of performance.

These elements of coaching are not techniques or artificial tricks to get others to do as one wishes. They represent what were found to be the common elements in the administrative efforts of responsible executives in many manufacturing companies throughout the country. The elements are suggested as a framework of standards for the guidance of men interested in multiplying their effectiveness through the utilization of the capacities of others.

Whether the administrator observes these standards in the performance of his job depends largely upon his own basic attitudes. Therefore, getting coaches to coach requires management effort directed toward a reshaping of the attitudes of executives.

Three main approaches to getting coaches to coach were suggested:

1. The adoption and adherence in practice of a policy that success in developing subordinates constitutes an important element in the appraisals of the superiors themselves.
2. The example of the president or chief operating executive.
3. The organization of case discussion conferences for administrators.

In the companies studied for this project, these three methods were found to be the main approaches, but it would be misleading to indicate that there were not others. Perhaps one of the most promising of these is role playing. Little evidence as to the effectiveness of role playing was found in the companies investigated, but other students of management development report encouraging experiences.[2] Consideration of role playing and other methods for affecting basic attitudes and developing executive skills is suggested, for the knowledge of how to teach the administrative process is in the pioneer stage.

The implicit assumption, of course, as to the effectiveness of coaching in the development of executives and potential executives is that the superior is a competent administrator. It is doubted that the development of able administrators is possible in an organization which has never known good management. And the key figure in the organization with regard to competency is the chief operating executive. He sets the policy and the example for the whole organization. If he observes in practice the elements of coaching, his example becomes the real policy of the company.

It was found that achieving a willingness of members of top management to accept and adopt coaching as their way of operating was relatively easy contrasted with acceptance by members of middle management. One executive described the area of middle management as a no-man's land; a ruthlessly competitive segment of organizations where "men who have not yet arrived fight for the reducing number of better jobs in the typical pyramidal business organization." If, however, members of top management observe the elements of coaching and if efforts are made to shape the fundamental attitudes of men in middle management, the benefits of competition for jobs can be retained without the efficiency reducing results which come out of middle management concern for individual self and position. Middle management is not necessarily and inherently a no-man's land. In those situa-

[2] "Role Playing and Management Training," Alex Bavelas, *Publications in Social Science*, Series 2, No. 21, Department of Economics and Social Science, Massachusetts Institute of Technology, Cambridge, Massachusetts.

tions where it is, top management has not fulfilled its responsibilities of administration.

This report on executive development might be discouraging to those who are looking for quick and easy methods. None were found. Rather, providing for the growth of personal abilities and capacities requires time and patience. As we learn more about the human assets of business organizations, improvements in methods and approaches are likely to shorten the time required. But it must be remembered that essentially education is a slow process.

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